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NEWS SUMMARY

GENERAL

Naval Harrier given go-ahead

The Government is to develop the Maritime version of the Hawker Siddeley Harrier jump-jet fighter for use on the new class of "through-deck cruisers" as an additional anti-submarine warfare weapon for the Navy.

A total of 25 aircraft will be produced at a cost, including design and development, of about £60m. over the next few years. This involves no addition to the Defence budget, since the money has been earmarked for the venture, awaiting only Cabinet approval.

The decision will ensure continued work for Rolls-Royce on the Pegasus engine and Ferranti on a new radar system and may also substantially help exports. Back Page

Premier quits in Lebanon

Lebanese Premier Rashid Solh tendered the resignation of his six-month Government to President Franjieh, after blaming the Right-wing Phalangists for the ambush of a bus last month in which 27 Palestine guerillas were killed. Tension is running high in Beirut, following a car bomb explosion which killed an Al Fatah captain. Page 5

Troops may get 25% pay rises

A substantial increase in Armed Forces pay—possibly as much as up to 25 per cent.—is to be made by the Government soon. The increase, based on the unpublished recommendation of the Armed Services Review Body, could be announced to-day.

Immigrant crime attack by judge

Community Relations Commission chairman Mark Bonham Carter criticised Judge Gwyn Morris QC for saying that Brixton and Clapham in South London were "peaceful, safe and agreeable" until immigrant resettlement turned them into high crime areas. The judge, who jailed five teenage West Indians for mugging, emphasised he was not attacking the great majority of immigrants who were law-abiding.

Art collection stolen again

Milan modern art gallery was raided for the second time this year and the pick of its Impressionist collection, worth over £3.5m. was stolen, including canvasses by Cézanne, Van Gogh, Renoir and Corot that had only recently been returned to the gallery. Page 6

Ulster move

The Government has accepted most of Lord Gardiner's recommendations in his report on counter-terrorism and legislation shortly will replace indefinite periods of detention for Ulster terrorists by the power to imprison them for 15 years.

Tory victory

The Tories won the Finchley GLC by-election, increasing their majority in a seat within Opposition leader Mrs. Thatcher's constituency to 4,416 from 2,805.

Sit-in ends

Over 200 Warwick University students at Coventry ended their sit-in over rents before 500 police moved in to evict them.

Fatal train crash

Six children and two adults were killed when two trains collided outside the railway station of Norrkoeping in southern Sweden. It was the country's second fatal train crash in six weeks.

On the sidelines

Premier Pierre Trudeau of Canada said he would not interfere in the trade union conflict that has stopped construction for next year's Olympics in Montreal. Page 4

BUSINESS

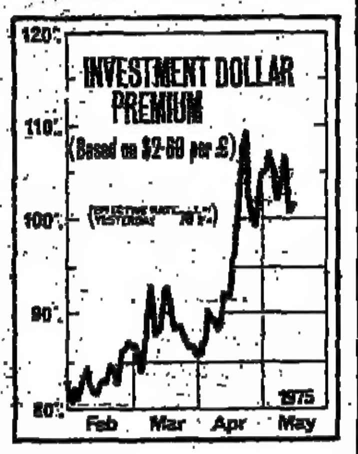
Equities, gilts firm: Wall St. down 9.93

● EQUITIES moved ahead on favourable reaction to the April trade figures and the successful conclusion of the Mayaguez incident. The F.T. 30-share index finished at the day's best with a 4.6 gain to 335.5.

● GILTS also closed on a firm note after a late rally following the news that the OECD expected the U.K. payments deficit to narrow. Net gains extended to ½, with longs usually ¼ higher.

● STERLING'S weighted depreciation was 24.8 per cent. (25.1), *but fell 100 points against the dollar* at $2.3015. Dollar's weighted average slipped to 6.42 (6.87).

● INVESTMENT DOLLAR PREMIUM'S early gains lost



impetus, with rate ending just one point higher at 101½ per cent.

● GOLD fell $1.50 to $166 an ounce.

● WALL STREET closed 9.93 lower at 848.80 on profit-taking.

Fed cuts U.S. discount rate

● THE U.S. FEDERAL Reserve Board has cut the discount rate to 6 per cent. from 6.25 per cent for ten Federal Reserve Banks. This is the fourth cut this year.

The deficit on the U.S. external payments balance for the first quarter declined to $2.8bn. against $4.5bn. in the final quarter of 1974.
Page 4

● NEW YORK CITY faces disruption due to a financial crisis following President Ford's decision not to grant the city Federal aid.
Back Page

● PAN-AMERICAN World Airlines has been told by the Government that no applications for charter flights after May 26 will be accepted in a move to clamp down on the company's margins policy.
Page 8

● STEEL INDUSTRY deliveries in the first quarter fell to 3.4m. tonnes—the lowest since 1971. Imports rose, and stocks built up to a record 5.98m. tonnes, underlining the recession. Back Page.

Steel unions are heading for a confrontation with BSC over its closure plans.
Page 9

COMPANIES

● BASF, the West German chemicals group, suffered a steep fall in pre-tax profits for the first quarter to DM167m. (£30.81m.) against DM224m. in 1974.
Page 24

● BOOTS pre-tax profits for the year to March 31 rose to £65.67m. (£63.72m.) and the final dividend is up to 2.8542p. A one-for-one scrip issue is proposed.
Page 21 and Lex

● DUNLOP HOLDINGS made a 1974 profit before interest of £70.91m. (£55.47m. in 1973) in line with mid-term expectations.
Page 26 and Lex

● *AKROYD AND SMITHERS is* to obtain an SE listing by means of an introduction. The shares may be quoted at a price to value the business at £14m.-£15m.
Page 20 and Lex

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES:		
Treasury 10½%, 1978	£97¼	+ ¼
BTR	120	+ 7
Babcock and Wilcox	107	+ 5
Boots	250	+ 9
Brown (J.)	113	+ 5
Cater Ryder	223	+ 10
Dunlop	52	+ 5
EMI	176	+ 5
General Accident	158	+ 8
Gill and Duffus	118	+ 6
GKN	234	+ 6
Hestair	68	+ 4
Kinloch	132	+ 6
Hay's Wharf	120	+ 5
Head Wrightson	22	+ 3½
Hulett's	312	+ 12
Land Securities	217	+ 7
Lloyds and Scottish	66½	+ 6½
Lyle Shipping	210	+ 10
Lyons (J.) "A"	150	+ 8
Metal Box	284	+ 10
Midland-Yorkshire	415	+ 15
Morgan Crucible	99	+ 8
NSS Newsagents	100	+ 6
Plessey	74	+ 5
Racal-Electronic	270	+ 7
Reardon Smith "A"	215	+ 25
Reckitt and Coleman	323	+ 10
Sanderson Kayser	45	+ 5
Smurfit (J.)	105	+ 4
Standard & Chartered	500	+ 20
BP	455	+ 7
Shell Transport	314	+ 11
Bougainville	107	+ 5
RTZ	205	+ 6
FALLS:		
Alexanders Discount	183	− 7
King and Shaxson	50	− 5
Low and Bonar	182½	− 12½
Messina	345	− 15
West Driefontein	£31½	− 1½

(FT stock indices and FT-Actuaries summary Page 33.)

Boost for Ford in successful rescue of the Mayaguez

BY PAUL LEWIS, U.S. EDITOR, WASHINGTON, MAY 15

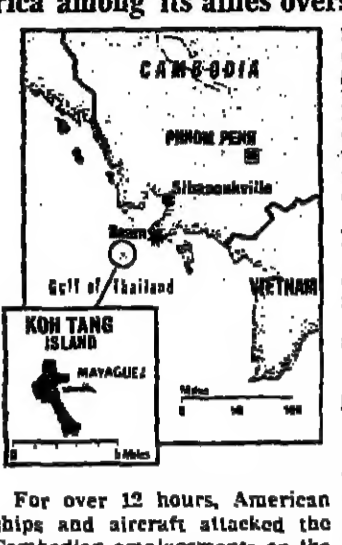
With the successful recovery of the Mayaguez and its crew from Cambodian waters last night after a massive military operation, President Ford is now being credited with a foreign policy triumph that will be popular at home and revive confidence in America among its allies overseas.

It is already being suggested here, however, that the U.S. may have used greater military force than was really necessary, especially since the Mayaguez was found to be empty and its crew, far from being on the island of Koh Tang invaded by the marines, turned up unescorted on a Thai ship. In time, certain aspects of the operation could turn out to be embarrassing for President Ford.

China and Thailand have already criticised the rescue operation, with Peking accusing Washington of "an outright act *of piracy" for bombing* Cambodian territory and shipping.

Late last night, President Ford announced that a U.S. naval task *force had retaken the Mayaguez* without opposition off the island of Koh Tang about 30 miles from the Cambodian mainland. *Marines then stormed ashore in* a fruitless search for the 39 crewmen, who subsequently arrived unharmed in a fishing boat from the mainland.

Meanwhile, U.S. war planes bombed and strafed a Cambodian mainland airfield at Ream as well as military and naval installations to prevent any retaliatory action. However, the rescue operation soon ran into unforeseeable difficulties, when Cambodian gunners concealed on the island drove off helicopters trying *to remove the marines.*



For over 12 hours, American ships and aircraft attacked the Cambodian emplacements on the island. But it was not until this morning, that the evacuation of the *remaining marines* was completed. Pentagon sources say two marines were killed and 14 are missing—but only one death *and 25 casualties are officially* confirmed as yet. Three helicopters were destroyed.

This morning, the President made clear that his forceful reaction to the Cambodian seizure of the freighter had been *influenced by the need to show* the world that the U.S. was still capable of firm action in the post-Vietnam era. Welcoming the Shah of Iran on a state visit, he spoke pointedly of America's commitment to preserve peace in the world—and said it had remained firm, despite recent changes.

Earlier, his Defence Secretary, Dr. Schlesinger, called the retaking of the Mayaguez and its crew a highly successful military *action, that had international* repercussions. "It represented a timely and much needed reaffirmation of the freedom of *the seas and of peaceful transit,"* he said.

On Capitol Hill, the President's action earned him almost universal approbation. His speed and firmness was particularly popular with the right wing of the Republican party, which has become disgruntled with his conduct of late. But many other more moderate Senators and Congressmen hailed it as a welcome demonstration that America was still capable of strong action overseas, despite reverses in Vietnam.

It was near midnight last night when President Ford went on TV

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More South-East Asia news, Page 5

Clear call by Wilson for 'Yes' vote on Europe

BY JOHN BOURNE, LOBBY EDITOR

MR. HAROLD WILSON last night abandoned what critics have regarded as his low-key approach to the Government's recommendation on Common Market membership.

For half an hour on television he gave the nation a *clear*, committed explanation of the "practical" as opposed to the "emotional" reasons why he thinks Britain must stay in the EEC.

Mr. Wilson's relaxed, and for the most part unevasive, performance—in a Thames This Week interview with Llew Gardiner—was a great contrast to his week-end television interview with Peter Jay, which was regarded as "complacent" about the economy, and many other matters.

Last night's broadcast will delight the pro-Marketeers and give no pleasure to their opponents.

The Prime Minister said he *though the British people*—who were more intelligent than many people believed—would listen to the calm voice of reason, as expressed by him, and also by Mr. James Callaghan, Foreign *Secretary.*

They would do so after becoming bored with the "screaming and cacophony" of those politi*cians who portrayed the EEC as* either the invention of the devil or the Almighty.

"Like me, they will judge what is best in Britain's own interest," he said.

Asked whether he had not adopted a low-profile on the Common Market issue, Mr. Wilson replied sharply that in a six-week campaign, he had been given only one programme on ITV and one on the BBC—a problem "of ingenious balance that other people had worked out."

Parliament, Page 16
Referendum news, Page 16
David Watt, Page 19

"If they (the broadcasting media) want me to speak to more people, they must wheel the cameras into action and I will be there."

Staying in or pulling out of Europe would not affect Britain's basic economic problems, but leaving the EEC would make it far harder for the British people to solve them.

It would be a traumatic *experience, and there would be* great difficulties in restoring Britain's old trading patterns with EFTA.

Also, there was no question of picking up old relations with the Commonwealth, because world trade had altered so much during the last few years.

Mr. Wilson was reluctant to *become involved with his inter*viewer's questions about statements from his pro- and anti-Market Ministers. "I am not get*ting into an argument about my* Ministers," he said irritably.

But he did mildly dismiss as "a lot of balderdash" the argument of Mr. Reg Prentice, the Education Secretary, that many anti-Marketeers were identified with Communists and other extremist factions.

He also brushed aside Mr. Anthony Wedgwood Benn's arguments that membership of the EEC would be a threat to British jobs in the steel industry, and to Government action on British Leyland.

Finally, the Prime Minister said firmly that although the argument on food prices was finely balanced, *he* did not accept that now or in the future British membership would mean dearer food for our people.

What if the referendum gave a Yes verdict?

Mr. Wilson said he believed his Cabinet would again unite after *his temporary dispensation on* "agreement to differ," and any Minister who might not accept that verdict would know what he should do about it: *a clear hint* that the Minister would have to resign from the Government.

Unprecedented fall in demand for oil products says Shell

BY RAY DAFTER

NET INCOME of the Royal Dutch/Shell Group for the first quarter was £220m. as against £319m. for the same period last year, Sir Frank McFadzean, chairman of Shell Transport and Trading, announced yesterday.

*He warned that the "unprece*dented" fall in demand for Shell products has continued into the second quarter.

As a result of the depressed market, refineries were being operated at about 65 per cent. of capacity—a "critical" level —and some 10 to 15 per cent. of the group's oil tanker fleet had been laid up, he said.

The world non-Communist output of oil had fallen from 36.2m. barrels a day, before the 1973 Middle-East war, to 35.7m. barrels a day in May last year and around 29m. barrels a day at the present time. However, with demand currently running at about 4m. barrels a day higher than production there was a good deal of "de-stocking" taking place.

It was likely that the stock position would settle within the next four months, when *production* was likely to start increasing again.

In spite of the problems, the Royal Dutch/Shell Group did "better than we might have hoped" in the first quarter, said Sir Frank. Although net income had fallen £99m., some £125m. of last year's net income came as "windfall" stock profits. Sales proceeds increased from £3.88bn. to £4.1bn. although the sales of crude oil and oil products fell sharply, from 6.2m. barrels a day to 5.4m.

State activities

Earlier, he had re-emphasised to shareholders at the annual *meeting the company's concern* about State involvement in North Sea oil development.

In particular, the company fears that activities of the fledgeling British National Oil Corporation will hamper the speedy *development of oil over the next* few years—a critical time in the production programme.

"The Corporation represents another level of decision-making, and just how much authority and freedom from political intervention it will enjoy is not clear from the proposed legislation."

With competent staff in short supply the BNOC might find recruiting a problem; in which case, it would be committing public money without adequate supervision. "With a Government net borrowing requirement in the current budget of the order of £9bn. and no clear idea where it is coming from, it seems strange to put additional burdens on the public purse."

It was difficult to escape the conclusion that "participation is just another genuflection to political dogma." Nevertheless, Shell was agreeable, in principle, to discussing terms for possible State participation in its North Sea ventures with the Government.

The industry had been given a fair hearing with proposals for the *Petroleum Revenue Tax*, he noted.

Referring to the group's nuclear power venture with Gulf Oil, which resulted in a £122m. loss for Shell last year, Sir Frank said that the long-term prospects were *good* although short-term developments had to be watched "with particular care." There were no plans for pulling out of the venture.

Company news—Page 23
See Lex, Back Page

£ in New York

—	May 15	Previous
Spot	$2.3025-3035	$2.3070-3080
1 month	1.29-1.24 dis	1.45-1.38 dis
3 months	3.77-3.72 dis	3.96-3.91 dis
12 months	13.20-13.60 dis	13.40-13.30 dis

Sterling improves with firm demand

By William Keegan, Economics Correspondent

FIRM COMMERCIAL demand for sterling yesterday pointed to the acceptance by the foreign exchange market that the U.K. authorities wish to see the pound held at around 25 per cent. blow December 1971 levels for the time being.

After closing at a weighted depreciation of 25.1 per cent. on Wednesday, the pound improved to 24.8 per cent. last night.

This is the second successive rise in the pound after the Bank of England had made it clear with open intervention in the market on Tuesday that it wanted to arrest the slide in sterling.

There was little sign of any need for official support to the *rate yesterday, and the improve*ment in sterling was accompanied by a recovery in the dollar following the news from Cambodia.

The U.S. currency rose about 1 per cent. against leading Continental currencies, but less against sterling, which closed at $2.3015 against $2.3115 on Wednesday.

*There has been further specu*lation in financial markets about an imminent package of economic measures from the Government, but it can be repeated that at this stage no such package is planned before the referendum on June 5.

The weekly Bank of England minimum lending rate announcement will be made this afternoon. *While there has been some* upward pressure on three-month certificate of deposit rates—from 9⅞ per cent. on April 30 to *10⅛ per* cent. yesterday—a rise in MLR to-day is thought unlikely.

● Following a meeting of the Organisation for Economic Cooperation and Development's Working Party three yesterday, Dr. Otmar Emminger, Vice-*President of the German Bundes*bank, said that at officials' talks on the British economy, "there was not the slightest crisis *atmosphere although the matter* was discussed very thoroughly."

Calm view by Emminger, Page 6

Chrysler men told: strike may be fierce

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER U.K. *is* now faced with a complete shutdown by the week-end of car manufacturing in the Midlands and Scotland as the result of yesterday's *solid* vote by the Coventry engine workers to continue their pay strike indefinitely.

"Let Chrysler withdraw from England if they cannot pay a living wage," declared Mr. Bob Morris, the Transport Union's militant shop stewards' convener, to cheers.

"If there is any wavering on this issue, we are lost. Don't think this is going to be a short, sharp dispute. There is the possibility of it becoming long and fierce."

As all but a handful of the 2,000 who attended the meeting —about half the total employed at the strike-bound Stoke Coventry factory—supported the consistent stand their stewards have taken to continue the *strike, another 2,500 of their* colleagues were being laid off at the neighbouring Avenger car plant.

Another 700 press-shop workers are already idle at the Linwood plant in Scotland which makes Imps and Hunters, and *they will be joined on Monday* by 2,000 from the assembly tracks.

Later next week, the Luton van factory is also expected to be slowed by shortages of engines and transmissions which the Stoke factory supplies to all Chrysler U.K. manufacturing units.

In addition, it is responsible for the bulk of the contract to supply 150,000 export kits for assembly in Iran.

Cessation of supplies to Iran would let in foreign car makers anxious to seize on any weakness by Chrysler.

It would also be a grave blow to the company which is already seeking £35m. from Finance for Industry, and is also considering *asking for a substantial loan* from the Government under the Industry Act to support a new model, plans for which have had to be shelved.

Chrysler workers in Coventry were the first to go over from *piecework to a form of measured* day work three years ago.

The strikers are insisting on a promise of £8 to be paid when the present wage contract runs out on July 1, with the intention of negotiating up to £15 a week.

The company has said it will make an offer by May 23, by which time it had hoped to have begun talks on its revolutionary plan for profit-sharing and employee-participation.

This is now *being considered* by union national leaders. However, the meeting agreed that its negotiating committee should "explore in depth" the possibility of worker-participation and only three or four voted against.

The expected confrontation at yesterday's meeting between the two opposing factions of wives *did not materialise. Neither of* the two leaders were to be seen.

News Analysis, Page 9

Dunlop peace call to-day

Seven hundred Dunlop Engineering clerical staff will to-day be recommended to end their month-old strike which has made nearly 17,000 British Leyland workers idle for lack of Dunlop components.

A mass meeting near the Coventry plant will be recommended to accept a peace formula to their £10-a-week pay claim *thrashed out in 24 hours of negotiations* over the past three days.

In the Commons yesterday, Mr. Harold Wilson re-emphasised that the Government's British Leyland rescue operation would be subject to the "strictest monitoring of improvements" in the company's industrial relations.

Wilson promises watch on BL labour relations, Back Page

LOMBARD

Beyond the limits of credibility

BY C. GORDON TETHER

ONE OF the things that has both staggered and dismayed anti-Marketeers is the lengths to which the more aggressive of their opponents are prepared to go to "persuade" the British people to register a "yes" vote in the referendum. And there could surely be no better example of this than the recent series of newspaper advertisements recalling the death roll in two world wars and then insinuating that those who vote "no" in the referendum will be demonstrating that they would sooner sacrifice a son or daughter in a third conflagration than "lose a little sovereignty" now.

It is, indeed, always hard for those afflicted by such propaganda excesses to see how they can combat them without besmirching their own cause by descending to similar tactics. However, anti-Marketeers may take heart from the fact that, if one can go to the ridiculous from the sublime, one can also reach it from the ignoble end of the quality spectrum. For it so happens that, in their anxiety to dispose of the problem implicit in the basic weakness of their arguments by over-stating their case, the pro-Marketeers are increasingly making claims that demonstrably pass well beyond the limits of credibility.

Siege economy

"The pro-Marketeers are developing a strange capacity for looking at the arguments of the anti-Marketeers through some species of leper-squint of their own invention," said Mr. Oliver Smedley, chairman of the Anti Dear Food Campaign, earlier this week. And he went on to ask how on earth Mrs. Shirley Williams—who, he said, has "a reputation for being not unintelligent"—could bring herself to say: "Some anti-Marketeers appear to believe that the answer is a siege economy: man the battlements, pull up the drawbridge and pour boiling oil on the invading traders"?

How, indeed! There may well be a case for putting Britain on a siege economy footing as the only way of extricating the country from the morass in which the gross economic mismanagement of successive Tory and Labour Governments—with some assistance from the burdens imposed by 2½ years of involvement in the EEC—have got it bogged down. But there is certainly nothing inward-looking about the anti-Market case. On the contrary, one of the main points it makes is that, rather than identify herself with a narrow regional bloc, Britain should develop trade with the whole of the outside world.

Then look at the transparent nonsense that the Heath-Jenkins duet was expounding with a great show of solemnity earlier this week about the dire consequences that a "no" vote in the referendum would have for the £ sterling. The first point to be made about this is that the fact that sterling is so weak after two and a half years in the EEC that the British authorities have effectively lost all control of it hardly suggests that membership has been anything but a bad bargain.

The second point to notice is that the one new factor of significance to the £ that has entered the referendum picture during the past month is the evidence of the opinion polls that the British public has become much more favourably disposed to the idea of staying in than had earlier been supposed. The implication might well seem to be, therefore, that it is the prospect of our continued involvement in the EEC being confirmed that has really been worrying the foreign exchange markets.

No less significant is that, in dismissing everything said by the anti-Marketeers as myth-like, the pro-Marketeers are reaching new heights of manifest absurdity. Take Mr. Heath's allegation that the booklet prepared by the National Referendum Campaign contains "gross exaggerations, grotesque distortions and a dangerous mixture of half-truths and actual lies."

Now in the ordinary way pro-Marketeers are loth to provide chapter and verse verification for wild assertions of this kind—understandably because they are well aware that this is just what they cannot do. But Mr. Heath did decide to illustrate this little packet of abuse by providing what were presumably the best examples he could think up.

One of them was that the booklet was lying in claiming that entering the Market had been a bad bargain. Why?—because it had just been announced that "in the last financial year Britain had benefited financially from membership of the Community by £35m."

The £35m. to which he refers is the gain we showed—owing to purely temporary factors—on the Budget. It is only one part of a financial picture which includes much more important debit items. And the financial picture is itself, of course, only one aspect of the story. Anyone who suggests that this £35m. credit proves that our EEC involvement has been a good bargain is either displaying colossal ignorance or is guilty of disseminating "gross exaggerations, grotesque distortions and a dangerous mixture of half-truths and actual lies."

RACING — BY DOMINIC WIGAN

Relay Race can return in style

RELAY RACE, expected by many last summer to be Lester Piggott's mount in the Prix de l'Arc de Triomphe, turns out for to-day's Aston Park Stakes (2.30) at Newbury. Although he has not had the benefit of a previous outing this season, I expect the Newmarket five-year-old's class to carry him through against Realistic and Rouser, his two principal opponents.

Relay Race, ridden here by Frankie Durr owing to Lester Piggott's commitments at the Curragh, made his last appearance on this course in the John Porter Stakes just over a year ago. After being left with too much to do in the final half-mile of that event, Cecil's colt, then ridden by Greville Starkey, did well to take third place, beaten only a head and one and a-half lengths by Piggott's mount, Freefoot, and the St. Leger winner, Pelied.

Relay Race, whose most important success of 1974 came at Royal Ascot eight weeks after Newbury, when he defeated Buoy a shade cleverly in the Hardwicke Stakes, is reported to have been striding out well in recent homework, and I take him to oblige at the main expense of Bruce Hobbs' Rouser, a particularly impressive winner at Chester last week.

Later in the afternoon, another from Hobbs' team, Cresset, should also be thereabouts in the Sandleford Priory Stakes (3.30). This sister to that smart hurdler, Ashendene, had the distinction of beating Rose Bowl by a length at York last September, and she was subsequently not disgraced when finishing ninth to her stable companion, Cry of Truth, in the Cheveley Park Stakes.

On her most recent appearance, Cresset showed that she was returning to something approaching her best form, when keeping on well to take third place behind Val's Girl and Myotic in Newmarket's Pretty Polly Stakes on 2,000 Guineas day.

Cresset seems sure to make a bold bid again, but Myotic, who beat her by three-quarters of a length for second place at Newmarket, is again in opposition, and on only a pound worse terms I believe that the Warren Place filly will again have the edge.

Mendham, a half-brother by the 1963 Derby winner, Relko, to Blakeney and Morston, who respectively landed the world's premier classic in 1969 and 1973, is himself expected by many to go close at Epsom on June 4. If he is to earn his position in the Derby line-up, Mendham must conclusively deal with the opposition in this afternoon's Shaw Stakes (4.00).

Arthur Budgett's colt may well oblige, but I would rather take a chance with Anadyomene. This 30,000 gns. yearling purchase owned by bookmaker Michael Simmonds did well to take second place behind Born Gambler in a 36-runner maiden event at Newmarket recently, and she is certain to have improved considerably as a result of that outing.

Phrontis, at an SP of 33—1 (105—1 on the Tote) for the Rowley Maiden Plate was, to many, a most unexpected winner at the Newmarket Craven meeting. I expect the Lambourn three-year-old, who was making only his third racecourse appearance there, to prove that there was no fluke about that success by following up in the Enborne Heath Stakes (3.00).

Now that Lester Piggott has been secured for Nocturnal Spree for the Irish 1,000 Guineas this evening, it will not be surprising if this attractive grey is made an odds-on favourite. She seems sure to go close following her Newmarket triumph, but Highest Trump may prove too good for her. Highest Trump appeals as a sound each way proposition.

IRISH 1,000 Guineas
—Highest Trump

NEWBURY
2.00—Militello
2.30—Relay Race*
3.00—Phrontis***
3.30—Myotic
4.00—Anadyomene**
4.30—Corriefeoil

THIRSK
2.45—Northern Time
3.15—Hollow Laughter
4.15—Sound Jiff

STRATFORD
6.00—Mulacrew
6.30—Garnishee
7.00—Cupid
8.00—Calzado

SALEROOM — BY ANTONY THORNCROFT

Chippendale bookcase record

A MAHOGANY breakfront library bookcase made by Thomas Chippendale in 1764 was sold at Christie's yesterday for £23,100, a record auction price for a bookcase. It was originally produced for the London home of Sir Lawrence Dundas at 19, Arlington Street, and cost £80, the second most expensive piece of cabinet furniture made by Chippendale.

The bookcase was bought by Redburn, a London dealer, and comfortably exceeded the £14,000-£18,000 estimate. It is a well documented piece of furniture and had remained in the Dundas family until quite recently. However, the price was well below the record £41,000 paid for a Chippendale desk from Harewood House.

The Chippendale was the star attraction in a furniture and carpet sale which totalled £108,455. Other good prices were £4,200 paid by Partridge for a Regency rosewood and giltwood centre table in the Hope style, and £3,150 for a George III mahogany breakfront library bookcase.

There was much excitement at Christie's South Kensington where photographica, musical boxes, talking machines and records fetched £16,403. A record £2,550 was bid by a foreign buyer for a Stella Disc Musical Box built around 1900 in France in a Louis XV style cabinet.

An "antiphonal" mechanical upright piano, which once belonged to the Empress Eugenie and was played by turning a handle, was sold for £2,500. This type of machine was introduced at the Great Exhibition of 1851 and was probably brought to England by the Empress after the flight from France in 1871.

Other high prices were £750 for an Edison Opera Phonograph, and, among the photographica, £135 for Lorgnette Pittoresque, a French optical toy of the late 19th century which showed famous scenes by night and day.

At Sotheby's, there was a routine sale of silver which totalled £27,699. The top prices were £1,450 (estimate £900-£1,200) for a 76-piece silver gilt dessert service by Eley and Fearn, 1804, bought by Shrubsole; £980, also paid by Shrubsole, for a 73-piece set of table silver, mostly by William Chawner and William Eaton; and £950 paid by a French dealer for a Louis XVI coffee jug by Gaspard Burel.

In other salerooms, Bonhams disposed of furniture for a total of £11,271, with a Flemish walnut draw-leaf table going for £750, and paintings for £12,323 with a Francois Musin picture of a merchantman in heavy seas making £600. At Phillips lace and costumes totalled £10,702. An 18th century lady's quilted bodice sold to Evans for £170.

One of the more unusual forthcoming sales takes place at Christie's on May 29 when a collection of 52 carved wooden tobacconist figures, mainly from the 18th century, formed by the late Charles G. Shaw of New York, comes up for sale. The figures were originally intended to inform the illiterate of the contents of a tobacconist shop.

Yorkshire Chemicals Limited

YCL

The Chairman, Sir Donald Kaberry, Bt., T.D., D.L., M.P., moving the adoption of the Annual Report and Accounts at the Annual General Meeting held in Leeds on Thursday, 15th May, 1975, referred to the following special points.

The present Report and Accounts deal with the nine months ended 31st December, 1974, consequent upon the decision to have a uniform financial year for the Parent Company and its subsidiaries abroad.

Following a general reduction in world trade, and pressure on most companies' liquid resources, there was a consequential lesser call for the Group's dyes for man-made fibres.

Whilst gross margins had been maintained in most overseas markets, statutory price control played a major part in the erosion of margins in the United Kingdom during 1974.

PRESENT

The continued high level of inflation has a severe effect on the Group's operating costs. The high and continued rate of inflation in the United Kingdom presents great concern for the Group, which trades in many overseas countries where the inflation rate is considerably lower.

Sales for the first three months of 1975 have continued at a lower level than the previous year, but can be deemed satisfactory in all the circumstances. New plant for greater production is under construction to cope with future expansion.

FUTURE

The Board has full confidence in the medium and long term capacity of the Company to prosper, but much depends on the United Kingdom ability to overcome inflation and the necessity of the uplifting of general world standards of living.

The authorised capital has been increased to £5 million by the creation of an additional 8,800,000 Ordinary shares of 25p each.

This was in connection with the recent rights issue of £3,200,000 12½% Convertible Unsecured Loan Stock which will be used to finance further capital projects.

Active steps are now being taken to reduce working capital during the present trade recession.

The Company will be well placed to benefit from an upturn in world trading conditions.

Five year Record
(in £000)

	1970/71	1971/72	1972/73	1973/74	1974 9 months to 31/12/74
Turnover	7,984	9,627	12,026	15,732	13,262
Trading Profit	1,222	1,871	2,750	3,359	2,428
Profit before Taxation	1,158	1,786	2,662	3,241	2,291
Profit after Taxation	682	993	1,527	1,604	881
Earnings per Ordinary Share	7.0p	10.2p	15.2p	16.6p	8.9p
Gross Dividends per Ordinary Share	3.375p	4.375p	4.594p	4.823p	4.070p
Assets employed	6,472	7,868	9,318	11,180	14,198
Net Assets per Ordinary Share	55p	61p	74p	89p	97p

Subsidiary Companies in West Germany, Australia, Brazil, France, Spain, Holland and Italy, and agencies throughout the world.

TV Radio

BBC 1

† Indicates programme in black and white.

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.30 For Schools, Colleges. 12.25 p.m. Gwyddonwyr Ifainc. 12.55 News. 1.00 Pebble Mill. 1.45 In the Town. 2.02 For Schools, Colleges. 2.22 Tennis: Coca-Cola Bournemouth Championships of Great Britain. †3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole. 4.35 Jackanory. 4.50 Roy Castle Beats Time. 5.15 Devlin. 5.40 Roobarb. 5.45 News.

†6.00 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.15 "Comanche Station," starring Randolph Scott.
8.30 The Good Life.
9.00 News.
9.25 Spy Trap.
10.15 Talk-in: The Common Market Referendum: the Leader of the Conservative Party, Rt. Hon. Mrs. Margaret Thatcher, MP, answers questions from Robin Day.
10.55 Weather.
10.57 "The Manhunter," starring Sandra Dee.

All Regions as BBC 1 except at the following times:—

Wales—6.00-7.05 p.m. Wales To-day. 7.05-7.30 Heddiw. 7.30-8.00 Can Cymru. 8.00-8.30 Larger Than Life.

Scotland—6.00-7.05 p.m. Reporting Scotland. 8.30-9.00 Are You Being Served? 10.56-10.57 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-7.05 Scene Around Six. †12.34 a.m. Northern Ireland News Headlines.

England—6.00-7.05 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
4.00 p.m. Tennis: Coca-Cola Bournemouth Championships of Great Britain.
†5.00 Open University.
7.05 All in the Mind.
7.30 Newsday.
7.45 Family Fare.
8.10 The Old Grey Whistle Test.
9.00 Tennis: Coca-Cola Bournemouth Championships.
9.30 The Money Programme: Can the nation afford the railways?
10.15 Private Affairs.
11.05 News Extra.
11.25 Closedown: Robert Powell reads "She Walks in Beauty" by Lord Byron.

LONDON

9.30 a.m. Schools Programmes. 11.45 Manfred. 12.00 Mr. Trimble. 12.15 p.m. A Handful of Songs. 12.30 Songs That Stopped the Shows. 1.00 First Report: News, plus FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon-Money-Go-Round. 2.30 General Hospital. 3.00 "Tanganyika," starring Van Heflin. 4.20 Follyfoot. 4.50 Magpie Special. 5.20 University Challenge.

5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year.
7.30 Caribe.
8.30 Shut That Door!
9.00 The Main Chance.
10.00 News.
10.30 Police Five.
10.40 The Friday Film: "The Revenge Of Frankenstein," starring Peter Cushing.
12.20 a.m. Open Mind.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Food File. 3.00 Friday Afternoon Film: "The Over The Hill Gang Rides Again," starring Walter Brennan. 4.25 The Romper Room. 5.20 Follyfoot. 6.00 About Anglia. 7.30 The Six Million Dollar Man. 10.30 Probe. 11.00 Kung Fu. 11.55 Men Who Matter.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. †3.00 Friday Matinee: "Five Steps To Danger," starring Sterling Hayden. 5.20 The Flintstones. 6.00 ATV To-day. 7.30 Hawaii Five-O. †10.30 Appointment With Fear: "Bunny Lake Is Missing," starring Laurence Olivier and Carol Lynley.

CHANNEL

1.20 p.m. Channel Lunchtime News, and What's on Where. 3.00 The Friday Matinee: "The Gun Runners." 4.20 The Adventures of Black Beauty. 5.20 Untamed World. 6.00 Report at Six. 7.30 Kung Fu. 10.30 The Friday Film: "Joe MacBeth." 12.05 a.m. News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. †3.00 Friday Matinee: "Britannia News," starring Dana Andrews. 5.15 Wait Till Your Father Gets Home. 6.00 Grampian News. 6.10 "F" Troop. 7.00 The Friday Movie: "The Seige At Red River" starring Van Johnson. 11.00 Streets of San Francisco, followed by Road Report. 11.55 Evening Prayers.

GRANADA

11.05 a.m. Manfred. 1.20 p.m. This Is Your Right. 3.00 Friday Matinee: "The Hands of Cormac Joyce," starring Stephen Boyd. 5.15 Cartoon. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Randall and Hopkirk (Deceased). 7.30 Shut That Door! 8.00 Hawaii Five-O. 10.30 Granada Profile. †11.00 The Friday Film: "Suddenly Last Summer," starring Elizabeth Taylor and Montgomery Clift.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 3.00 The Friday Matinee: "Savage" 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 University Challenge. 7.05 Friday Mystery Movie: "The Stranger Who Looks Like Me." 10.30 Survival. 11.00 The Streets of San Francisco.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Cestyll Cantamil. 6.01-6.18 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 3.00 The Friday Matinee: "Death Takes a Holiday." 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66). 6.35 Husband of the Year. 7.05 Mystery Movie: Banacek. 8.30 Love Thy Neighbour. 10.30 A Southern Report. 11.00 Southern News Extra. 11.10 Police Story. 12.05 a.m. Untamed World.

TYNE TEES

9.25 a.m. Starting Point. 11.50 Kiri the Clown. 11.55 Magic Pencil. 3.00 p.m. The Friday Film: "When Hell Broke Loose," starring Charles Bronson. 4.20 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 North East News. 6.05 Division—On Europe. 7.30 The F B I. 10.30 Sportstime. †11.00 The Friday Night Film: "Dracula," starring Bela Lugosi. 12.20 a.m. Late News Headlines. 12.25 Open Bible.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. †3.00 The Friday Matinee: "The Gun Runners," starring Audie Murphy. 4.20 The Adventures of Black Beauty. 5.20 Untamed World. 6.00 Westward Diary and Sports Desk. 7.30 Kung Fu. 10.32 Westward Late News. †10.35 The Friday Film: "Joe MacBeth," starring Paul Douglas. 12.05 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. †3.00 The Friday Film: "When Hell Broke Loose," starring Charles Bronson. 4.25 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 Calendar. 7.30 The F B I. 10.30 The Friday Night Film: "Peeping Tom," starring Moira Shearer.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) also on VHF. 5.00 Newsbeat. 5.15 Rosko's Round Table. 7.00 As Radio 2 until 12.33 a.m. Closedown.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) with The Early Show including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Cricket Scoreboard. 1.55 Good Listening (VHF) 2.02 David Hamilton (S) as Radio 1, but including on 1,500m. only (also 202m. Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Just For Fun. 7.30 Cricket Scoreboard. 7.32 Frank Chacksfield conducts the BBC Radio Orchestra (S). 8.32 Friday Night Is Music Night (S). 10.02 Sports Desk. 10.05 Len Jackson (S) with Music Through Midnight including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

† Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert: Schumann, Tchaikovsky (S). 9.00 News. 9.05 This Week's Composer: John Ireland (S) (part mono). 9.50 Vesuvius Ensemble, part 1: Dohnanyi, Mozart (S). 10.40 Interval Reading. 10.45 Vesuvius Ensemble, part 2: Schubert. 11.05 Songs and Arias (S). 12.15 p.m. Midday Concert, part 1: Bantock, Grieg (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert, part 2: Bruckner (S). 2.20 Music Making from Manchester (S). 3.25 Handel: The Chandos Anthems (S). 4.30 String Quartets (S). 5.25 Pied Piper (S). †5.05 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Study On 3. 7.30 BBC Symphony Orchestra, part 1: Mozart, Schubert (S). 8.10 Words . . . (Sir Bruce Fraser reflects on some of the things we say and write). 8.15 BBC SO Concert, part 2: Vorisek (S). 8.50 Music Now. 9.30 John Shirley-Quirk: Song recital (S). 10.30 Haydn Quartets (S). 11.25 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the day. 6.45 Today, including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of To-day. 7.27 Sportsdesk. 7.35 To-day's Papers. 7.45-7.50 Thought for the Day. 7.55 Weather, programme news. 8.00 News and more of To-day. 8.27 Sportsdesk. 8.35 To-day's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. †10.00 News. †10.05 Checkpoint. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 My Kind of Music. †11.50 Toby and His Uncle Jake. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. †12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Cardiff: (2 from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1975. 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.55 A Book at Bedtime. 11.10 The Financial World To-night: Radio 4's International Business Report: Market Trends. 11.25 To-day in Parliament. 11.35 Week Ending . . . review of the week's news. 11.50 News.

For Schools: VHF only—10.00 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.32 The London Gardener. 3.45 The Jobfinders. 4.03 Lobby. 4.32 Home Run including London News Desk at 5.00, 6.00, 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 London Country. 10.03-2.00 a.m. Popshop.

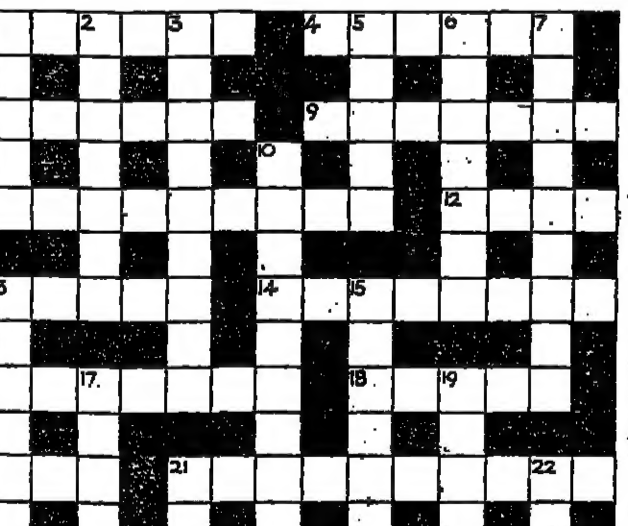
London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "A.M.": News, interviews, traffic and travel news, plus sport. 10.00 Open Line with George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music in Stereo. 9.00-1.05 a.m. Love in London.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with Music, Features, Advice and Swopshop. 12.00 Cash on Delivery with Dave Cash and Music. 3.00 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Meet Your MP—Open Line with Allan Hargreaves. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,779



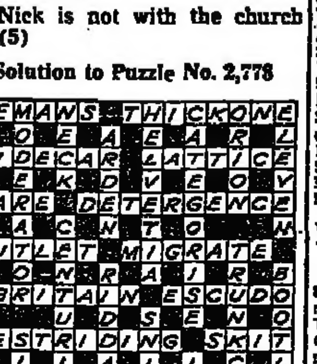
Across

1 and 4 The row in the kitchen—it's out of this world (6,6)
8 An account to support—she plays her part (7)
9 Amuses the rich man about right (7)
11 "In — on Bredon the bells they sound so clear" (Housman) (10)
12 Mourning for an actor (4)
13 A rule to note presently (5)
14 Pray dial anew for the stonecutter (8)
16 Hans can spin us a tale (8)
18 Black for a novel, golden for the continent (5)
20 The favourites are returning—that's progress (4)
21 Capital water in a pint serene (10)
23 A company on leave (7)
24 Sanctimonious people must get to the spice (7)
25 Stands up before the courts (6)
26 Outline a boat from the South (6)

Down

1 A cape—it's done for the French (5)
2 A dwarf from Police Headquarters? (7)
3 Part of the orchestra is missing unconditionally (2, 7)
5 A soldier in drink must be nimble (5)
6 "Be — for silence, but never taxed for speech" (Alls Well) (7)
7 It is bad to quarrel in the park (6, 3)
10 Those who get coal are about sick of those who trim headgear (9)
13 Artist on the beat (9)
15 One converted has a couple of points to add (5, 4)
17 The cost of enclosures in the river (7)
19 A feast to engineer in seclusion (7)
21 A bob to the tipster for a drink (5)
22 Nick is not with the church (5)

Solution to Puzzle No. 2,778



Decl
Hills Theatre
King R
Giulini

Cinema

Decline and fall by RICHARD COMBS

The Godfather Part II (X) — Plaza 1 and 2
Illumination (AA) — Academy 3

Lee Strasberg and Al Pacino in 'The Godfather Part II'

The Godfather Part II is some-hing new in sequels—*Son of the Godfather* combined with *Young Godfather* and intended by its director to be not so much the next chapter in a continuing story as the interlocking half of *one giant puzzle*. In the best of all possible worlds for Francis Ford Coppola, the two pieces would be interwoven to form one six-hour movie compendium, containing all you need to know about the myth and reality of the Mafia and its system of patronage, honour and monarchical power; about just what the land of opportunity offered to the poor and huddled masses who were thrown into its melting pot; and, by metaphorical extension, about what makes corporate free enterprise throughout America run.

Part II is the film that Coppola promised himself after turning up one of the all-time box-office *bonanzas with Part 1; for this* he returned to Mario Puzo's best-seller and extracted more of the background to the plot—Vito Corleone's boyhood in Sicily, the atmosphere and texture of immigrant life in Twenties' New York, the social rituals, the religious ceremonies and the internecine struggles for survival—*all the details, in fact*, that were left out of the original *Godfather* at Paramount's behest, the better to make a fast-moving, exciting gangster picture. Within the context of notoriously conventional commercial block-busting, it is an interesting experiment, and Coppola plays shrewd games with the structure: the film cuts between the youth of the ambitious, vigorous Vito Corleone (Marlon Brando in the first part, here played brilliantly by Robert De Niro, whose gestures and inflection slide slowly towards the mannerisms of Brando) and the subsequent career of Vita's son Michael (Al Pacino), who is rapidly transforming his father's ethnic vitality into the cold efficiency of any corporate businessman. So the two sections of this film actually form brackets that enclose the action of Part I.

Doubts about the venture begin with the suspicion that, apart from more mayhem and more local colour, there is not, substantially, anything extra to be gleaned from Puzo's tedious slab of a book, and that Coppola and the author are actually doing little more than dotting their i's and crossing their t's. A number of scenes here consciously echo moments in the first film, to good effect in the opening party sequence, a very slick, lush and heartless affair, held on the occasion of the first communion of Michael's son Anthony, and demonstrating a sad decline in the new Godfather's care for the cultural heritage of the family. Less significant, though it is a moment that is heavily signposted in the steady collapse of Michael's marriage, is the scene where Kay returns to say goodbye to her children, having already left their father, and *Michael appears for a silent*, brooding confrontation, until he walks over and firmly closes the door on her, repeating the action from the end of Part 1 that effectively excluded Kay from all the important events of her husband's life.

Coppola is insistent here on making explicit the "every great fortune is based on a crime" moral that was tentatively extended by the first *Godfather* to the whole free enterprise system, seeing America and the Mafia as two institutions which grew in parallel fashion. The comparison is buttressed with other allusions (the Mafia is likened *to the Roman Empire*, particularly in the final solemn round of "suicides" with which the Godfather tidies up his affairs after the Senate hearings), but is finally rather muffled by the tragic cast that the movie acquires in its latter stages. This looks like old-fashioned moralising in the "crime doesn't pay" vein, right up to a final lingering close-up of Michael, his empire saved but his family broken and *his life in ruins*.

There is also something forced about the intercutting of the career of young Vito—exercising strength and charisma to hold his family together and to consolidate his power—with the scenes of Michael approaching *middle-age* while destroying those closest to him in the cause of "legitimising" the Corleone *interests. Coppola, it seems*, experiences too fierce and sentimental an attraction for the "old ways" (all the diffused, glowing photography of Vito's early days in New York) for the contrast between past and present to *carry* quite the weight that was intended.

In sheer physical terms, however, *Godfather Part II* displays even more spectacular panache than its predecessor. Most stunning of all the set-pieces is a scene where Coppola refines down the hectic, and messy, *collage* of killings intercut with a baptism at the end of Part 1 to a single assassination: *Vito Corleone's removal of the local* crime lord of Little Italy. Making better use this time of a reli*gious occasion, the San Gennaro* Festival, Coppola screws tension and expectation to a remarkable pitch as Corleone hurries across the rooftops to intercept his victim, while the latter picks his way confidently through the crowds flooding the streets, pausing at a Punch and Judy show ("too much violence for me") before keeping the film's most fatefully engineered encounter.

Illumination is a saga of an altogether drier, more compacted and determinedly intellectual kind. Its hero is a physics student, Franciszek Retman, who launches into his studies with the clear conviction that science will ultimately find all the properties of life to be verifiable, *classifiable and measurable*. The events of his own life quickly demonstrate that it is not so. He *sees a friend killed in a climbing* accident: his studies are suspended when he marries, has a baby, and must look for work; and, to his increasing despair, he finds that none of the jobs he tries, or the medical and *psychiatric disciplines* he learns, bring him any closer to understanding the processes that are *wearing away at his own mental* and physical being, or to adding to the sum total of helpful knowledge about the human mechanism.

Krzysztof Zanussi, a Polish director who has concerned himself before with testing the reach and depth of man's powers of empirical understanding, for the most part treats his material with sufficient irony and detachment to prevent it sinking into *the bathetic solemnity that* usually afflicts those who take to worrying about the "meaning of *life*." The *opposite danger*, and the particular pitfall of *Illumination*, is that the film becomes simply an illustrated lecture, and in coolly employing the analytical methods of science to scrutinise the limitations of science, Zanussi too casually and efficiently runs through the metaphysics of his subject like a course in basic anatomy—until he himself stands baffled, like Retman, before the final mystery.

At certain points, moreoer, he *is not above stopping to more* familiar gambits, again out of clinical eagerness, perhaps, to cover all possible approaches to the subject. There is something distinctly *Siddhartha*-like about the sequence where Retman traipses off to a monastery in desperate need of a scrap of transcendent wisdom when a *close friend, a mathematician*, dies from a brain tumour, after first querying, "*Is reality so worth identifying?*" And when Zanussi reaches out in other ways for expressive effects (some glimpses of the hero's nightmares), the attempt looks extremely ill-judged.

Zaussi's strength is his clipped style and a confident *lucidity*, not altogether devoid of humour (either about the plight of his *hero, or the well-worn nature of* his own researches) and *Illumination* is an intelligent if unexciting discourse which never quite bridges the gap—even as far as the final shot of Retman, now warned of his own mortality in the form of incipient heart disease and standing objectly motionless while a river rushes round him—between the inevitable and the predictable in the lessons it draws about life.

Chichester Festival Theatre

Cyrano de Bergerac

by B. A. YOUNG

Whatever deity it is that controls the weather won his accustomed duel with the Meteorological Office to give Chichester its usual fine spring evening to begin the new season. Rostand's *Cyrano* is a good choice to start with—a huge cast (30 players in 71 parts), masses of colour and a big star part at the centre.

My heart began to sink, though, as soon as the company came pouring on to the stage with brave shouts of "Ha ha!" and "Rhubarb, rhubarb!" and it did not rise much for the rest of the evening. *Cyrano* is a fine *melodramatic piece, but it is all* too easy to make it seem like the Barclaycard Operatic Society in *The Desert Song*. Christopher Fry has provided a new translation of the swaggering French original; it is in couplets that both scan and rhyme only approximately, and there is so much common everyday *speech* in it that too often, spoken as it is here, it sounds like undistinguished prose.

The director is José Ferrer, and he seems to have required a special poetic delivery from his actors, the kind of delivery we hear amateur companies in Shakespeare, where bravado and sentiment take over from sense. Only Bill Fraser as the pastry-cook Ragueneau manages to avoid it, and worst of all is Cyrano himself, Keith Michell in a positive pageant of chest-note vibrato, all spoken with a magisterial deliberation to emphasise his central role in the drama.

So the Barclaycard Operatic Society it was, down to the rousing chorus of cadets—"We are the Gascony cadets," sung to an accompaniment of circus acrobatics to emphasise their fitness to go into action against the Spanish. One doesn't ask for verisimilitude; the starving and battle-weary soldiery in Act 3 *need not be provided with new* battle-stained costumes, but they should at least try to persuade us that they are something more than actors waiting in the wings for their next entry to the battlefield. When De Guiche (David William) came on to the balcony of John Bloomfield's pavilion crying "We shall win if you hold!" as the troops were putatively fighting backstage and the *stage itself* held only Cyrano and the dying Christian, the effect was little short of ludicrous.

Christian is played by Christopher Cazenove, handsome enough but offering little in the way of romantic excitement; un*surprisingly* Barbara Jefford's Roxane shows little reaction to his wooing, even when it is being prompted, quite effectively, by Cyrano under the balcony. I was moved by the last act, Cyrano's death-scene in which the different themes of the play are neatly wrapped up; but I couldn't forget my indifference to almost *all that had preceded it*.

Purcell Room

Phyllis Tate by DOMINIC GILL

Phyllis Tate, born 64 years ago in Buckinghamshire, is one of the gentlest, most civilised and unassuming of living British composers. Grove describes her music as "urbane in character *and fastidious in expression*, without being frivolous or insignificant." One is almost tempted to add another adjective or two: but Grove, one feels, has summed it up rather nicely.

Miss Tate's *music* is also unequivocally "mainstream"—in the sense that it does not choose to deal with the remoter, weirder *margins of musical-emotional* experience. But "mainstream" music—as Hugh Wood pointed *out recently in a short apprecia*tion of quite another, but not essentially dissimilar composer, the American Andrew Imbrie, 10 years Miss Tate's junior—deals at least with genuine ideas, clearly imagined pitches, deliberately willed harmonies, intended rhythms, exactly gauged instrumentation. The "problem" of such music is not so much a question of style as of content, of quality or degree of originality; *or to put it another way* (as Wood does: the metaphor is irresistible)—the number of dull sticks floating down the middle of the stream.

The dull sticks in Miss Tate's music are not overwhelming: but they are not insignificant. One of her best-known works, a duo sonata for clarinet and cello dating from 1947, which began the programme of her music presented on Wednesday by *the Fidelio Concert Society*, is a short piece, well-worked and amiable enough, but hardly striking. The conception must have had a certain originality in its day: but would even the *stoutest supporters of the middle* current deny that it has long since been overtaken? The overall impression is agreeable; but the substance, bar by bar, phrase by phrase, is slight.

The evening's most fulsome work, *Nocturne for Four Voices*—and the one after all perhaps which dealt most explicitly with the remoter, weirder margins of experience—was also the earliest, composed in 1946. Many of the *best moments are unmistakably* Brittenish in flavour — the magical suspensions of "*Spare your soul another birth: drown yourself*"; the sudden surge of the final quartet. Yet there is no direct sense of pastiche—the same tenseness of lyrical line rather, and the same spare textures; the same seizing on the melting lyrical curve to emphasise and amplify: the same fondness for the diatonic common chord to mark a climax. And here too, as Grove also discovers, there is a "distinctive accent"—*now and* then, albeit shy and unassertive, a glimpse (in the joining of two instruments, in some chance passing musical argument) of a genuinely original and distinctive voice.

None of the three, later works of the second half measured up to the best of the *Nocturne*. *Variegations* for solo viola I found almost entirely opaque—a brave, but clumsy performance by *Eileen Engelbrecht* the dedicatee did not help. *To Words by Joseph Beaumont*, three settings written in 1970 for female choir and piano, seemed too schoolish, too self-consciously cosy, *to be judged a real indica*tion of mature and serious talent. Seven Lincolnshire folk-songs from Percy Grainger's collection, freely arranged with young performers in mind, made a jolly finale; but to have heard *them un-arranged*, un-prettified would have been more satisfying still.

Renaissance art at the National Gallery

The Rival of Nature, an exhibition of Renaissance art, will be the first display in the new extension of the National *Gallery*, *and will be open from* June 10 to September 28.

For the first time at the National Gallery, paintings will be complemented by examples of allied arts — sculpture, ceramics, graphics, medals, metalwork, furniture and tapestry. Various British public collections are lending exhibits, *including the Victoria and* Albert Museum and the British Museum. Private lenders in*clude the Trustees of the* Chatsworth Settlement. A few works of particular relevance are coming from abroad and the Queen has lent items from the Royal Collection. There will be over 250 exhibits in the specially designed setting of the new rooms.

This new extension of the *National Gallery will be in*augurated by The Queen on June 9.

Sadler's Wells Theatre

King Roger by RONALD CRICHTON

Szymanowski's only full-length opera received its first London production on Wednesday evening through the valiant efforts of the New Opera Company, fulfilling an ambition of Charles Mackerras and Anthony Besch, conductor and producer for the occasion, delighting opera-lovers who have long wanted to see *King Roger*. Appetites were no doubt whetted by past broadcasts, and by the excellent Muza recording made some years ago in Poland (a few copies are still obtainable from the Gramophone Exchange in Wardour Street). The number of enthusiasts must have *exceeded* the New Opera Company's wildest dreams—Wednesday was sold out, tickets are said to be few and far between for the remaining performance to-morrow. Opera economics being what they are, a planned third performance was abandoned because of the loss that even a full house would entail.

King Roger has plenty to recommend it. The subject is the historical figure of Roger II, King of Sicily in the heady period when Greek, Byzantine, Arab and Norman influences made the island into a cultural stew-pot. Upon this fermenting mixture the composer and his librettist Iwaszkiewicz grafted (unhistorically, of course) the central situation of *The Bacchae*, last seen in a London opera *house in the form of* Henze's *Bassarids*. Roger corresponds to, but does not much resemble, the Pentheus of Euripides. Dionysus appears as a mysterious, pagan shepherd who induces the Queen, Roxana, and the whole Palermitan court except Roger and his Arab sage Edrisi to follow him, whereupon he reveals him*self as the god in person. Roger*, though stirred and troubled to the depths of his being, withstands the Shepherd's appeal and, so the music of the ending implies more explicitly than the text (though one should not blame Geoffrey Dunn's English version for this), is enriched and strengthened by the experience.

The eclectic language which Szymanowski made so unmistakably his own is a compost of the *Strauss of Elektra, Chopin, Skry*abin, the French, the Russians, Bartok and surely Delius (they shared the same publisher). Szymanowski is sometimes represented as a self-indulgent, decadent late romantic, and some of his earlier works may bear this out, but in these days his kind of ivory tower with *luxurious Oriental furnishings* seems rather a desirable residence. And in *King Roger*, written in the years immediately following the First World War, as in the later *Stabat Mater*, he shows a flair for handling his *rich and rare chromatic harmony* and opalescent, multi-layered orchestration with a concision and dramatic punch beyond the range of a mere dreamer.

The opera is compact, about the length of *Tosca*. Puccini indeed, comes to mind in the immediacy with which *King Roger* establishes a potent *atmosphere in the opening* scene of chanting choirs in the Byzantine cathedral. Except for a flabby passage for the Shepherd in act 2, shortly before the dance, that atmosphere never loses grip. Szymanowski can write salient, workable short themes (one fragment of the choirs' chant is put to seductive, extended use by the *Shepherd*, presumably a symbolic indication that the opposing creeds are *two faces of one truth*), and he can fashion long, winding melodies not only for the Shepherd but for Roxana, as in her second act solo once popular in a violin arrangement. To the chorus he gives mainly block writing, successfully designed to hold its own against an orchestral fabric of opulent complexity.

Mackerras conducts with passionate vigilance, as though he had known the score all his life but had somehow managed to keep alive the ardour of first love. Anyone familiar with the recording will soon realise that in the theatre the balance is bound to be different—the large orchestra (the Royal Philharmonic, playing with generous intensity) necessarily stealing some of the limelight from the singers, but allowing more in*strumental detail to surface*. The New Opera Chorus, with the London Oriana Choir and boys from Emanuel School, Wandsworth make up in spirit what they lack in numbers (ideally this opera needs a larger stage than Sadler's Wells). They were impressive in the thrilling Dionysiac ensemble near the *end — it is in this third act*, where a dilettante composer however gifted would have gone to pieces, that Szymanowski shows his mettle.

The important part of the *Shepherd is sung by David Hill*man, who has the advantage of looking and moving well. He *bravely sustains music that calls* for the lyric tenor of slightly heavier stamp. King Roger is Peter Knapp, a promising young baritone of fine vocal quality who does not portray clearly enough *the King's agonised vacillations*—royal regalia is not helpful to nervous movement. Janet Gail is melting in Roxana's song, but *her sympathetic timbre* is too gentle to cut through the ensembles. John Winfield is the Arab counsellor. Richard Angas is imposingly tall and dark-voiced as the Archbishop. Anthony Besch has disposed a large number of people about a restricted space to good advantage. The Bacchic dance (choreography by Sally Gilpin) is cramped, but even so there must have been more to Dionysus *than these sweet English simper*ings. The third act is treated with great skill.

The designs of John Stoddart capture with limited means the glimmer and sheen of Byzantine surfaces, not without a crafty suggestion of oriental shoddy. His set for the ruined Greek theatre of the last act bears little relation to the rest but is so well lit (by Joe Davis) that it hardly matters. The costumes, with *reservations about the glad rags* for the Shepherd and his followers in the palace scene, are suitably gorgeous. To have conceived and carried through such an enterprise at a time like this reflects credit on everyone concerned. To allow so fine a work in such a capable performance to disappear after two perform*ances would be monstrous. There* must be a way of ensuring that the New Opera Company's labour of love has not been wasted.

The Entertainment Guide is on Page 30

Festival Hall

Giulini by GILLIAN WIDDICOMBE

The Royal Philharmonic Society ended its season with a splendid concert by the London Philharmonic, Janet Baker and Giulini. As always, Beethoven's bust looked down, being on Wednesday so sharply lit down the nose that one could barely discern whether it was Beethoven or Talleyrand. Maybe envy illumined the gleam: his *Egmont* overture proved the merest thing of the evening, its nicely taut performance obliterated as soon as Janet Baker began to sing the lingering settings by Berlioz of six tear-stained Gautier poems, *Let nuits d'été*.

How the English like their French sung is a peculiarly personal thing, ranging from *tip-of-*the-tongue to nasal bagpipe drone. To me, anyway, Janet *Baker is the paragon of* the French timbre; and French vowels seem to sit more comfortably than any other in her throat, glotta, or imposto—a handy thing, the singer's imposto, an ubiquitous baffler like the Mediterranean sirocco . . . Wednesday's performance began with this technical advantage, and allowed Miss Baker to take the songs very slowly, releasing the refrain of "Absence" with superb control and her *inimitable* tense passion. (Apart from all else, this is ideal heart-cry Baker material—"Reviens, reviens, ma *bien aimée!*," and *quiet yearning* holds us enthralled till she raises her voice again to seal the ghost of the opening chord with the perfect word—"Loin.") Hard to say which song touched most deeply, for even the opening "Villanelle" was beautifully sung, with gentle affection; but the longer, darker songs contained the most extraordinary sustained emotion and fine singing. Giulini kept the LPO down *very low: too low, sometimes, for* where I was sitting.

Finally, a fascinating perfor*mance of Schubert's big C major* symphony. Marvellous preparation, evident everywhere; and special playing from the LPO. But Giulini's *interpretation* was most interesting. In short, it exchanged tum-ti-tum for elegant line—what Giulini's admirers might call "elegato." The opening horn solo set the scene precisely: the accents read as inflections, and never as invitations to bulgy dynamic grading. Indeed, never have I heard such an exact *reading* of Schubert's hairpins: only a proper forzato was allowed to boil over. No *exposition repeats. Lovely tiptoe* performance of the Andante, naturally: and carefully timed *pacing of the finale, avoiding* the usual scramble in which all fiddles fall over.

WORLD TRADE NEWS

MANUFACTURING IN AUSTRALIA

Vickers' case for major tax and policy changes

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, May 15.

IN A major private submission to the Jackson Committee which is preparing a Green Paper for the Federal Government on the development of manufacturing in Australia, Vickers Australia has suggested that the Government should allow better depreciation rates, restore investment allowances, and stop immigration.

The submission is important in that the company, 60 per cent. owned by U.K. Vickers and 40 per cent. by the Australian public, is the largest heavy engineering group in the country. As such its comments are seen as representing not so much a personal company view, but a reflection of the thinking of much of the industrial sector. It also highlights many of the problems faced by manufacturers in Australia.

Vickers calls on the Government to introduce investment allowances and to give proper aid for exporters. The Australian market, the company says, is reasonably large, but small in the world scene. Exports, given Australia's high wage rates, are difficult.

Australia "is surviving on primary exports," which employ only 9 per cent. of the world force, while manufacturing industry is a poor cousin "existing purely to provide jobs and any marginal exports which can be ground out. They are certainly not encouraged."

The submission points out that Japan, Germany and the U.K. relied on manufacturing industry for 90 per cent. of its exports, not 22 per cent.. "In the world scene we (Australia) are living in fairyland."

After giving details of the age spectrum of machine tools in its group, which Vickers suggests is typical of the heavy engineering sector in Australia, the submission notes that only 21 per cent. of machine tools were less than ten years old, compared with 62 per cent. in Japan, 56 per cent. in Germany, and 38 per cent. in the U.K.

A further breakdown of the information showed that at Vickers Hoskins and Vickers Ruwold, 41 out of a total of 173 machines were more than 30 years old, 42 between 20 and 29 years old, 40 between 10 and 19 years old and 18 between five to nine years old. A further 18 were less than five years old, and there were only three numerical control machines in the group.

The argument is used to support the plea for higher depreciation and investment allowances, comparable with those in the U.K., Germany, the U.S., France and Japan. "High depreciation allowances force investment, as otherwise the depreciation runs out in the short term."

The submission is also critical of the vast growth in the tertiary sector in Australia, which now accounts for 64 per cent. of total employment yet provides only 3 per cent. of exports. It argues that secondary industry in Australia exists only to provide jobs and that psychology on that was quite wrong in many ways.

Immigration should be stopped because it did nothing but compound an already difficult problem in employment and living standards. Further, little should be done to encourage population growth but there should be encouragement for capital investment to make it more attractive for people to work in secondary industries.

A broad plan is then put forward for future industrial policy:

1—A reduction in the marginal manufacturing industries set up to absorb excess labour, particularly at the bottom end of the spectrum.

2—Rationalisation and investment in a spectrum of industries capable of substantial economic exports.

3—Great increases in margins for skill and expertise in all classes of labour to make secondary industry competitive with the blandishments of security and good working conditions in the tertiary sector.

4—A reduction in the growth of population.

5—Heavy investment in research and development.

Australia, it is asserted, should then "grit its teeth and expect more imports."

In other sections, Vickers gives a warning that such a programme would lead initially to some unemployment and capital reconstruction. "It must, therefore, be slow."

In looking at itself and the heavy engineering sector in general, Vickers puts forward to the committee its view that heavy engineering industry in Australia was efficient, given the basic disabilities in the comprehensive allowances and general capital investment, insufficient export due to the lack of a national infrastructure to support a continuing export drive and lack of flexibility in manning and demarcation issues.

The heavy engineering industry in Australia, Vickers contends, at present needs an overall tariff protection of 25 per cent. or less.

On manning and demarcation issues, the submission says Australia had the worst of the British system with little or no flexibility. Yet costs were high. Average wages for a metal tradesman for 40 hours a week were $A125 against around $A82 in the U.K. — and in the U.S. around $A142 for a 45-hour week. Other countries had other incentives, including facilities to encourage exports, Vickers stated.

Iron ore export group under way

By Our Own Correspondent

NEW DELHI, May 15.

A STEP towards formation of the Association of Iron Ore Exporting countries was taken here as Mr. Ahmedould Tolba, Mauritanian Ambassador to Iraq, signed the agreement for establishing the association. Mauritania is the first country to assent.

The agreement was approved at the ministerial meeting of iron ore exporting countries held at Geneva in April. The text of the agreement was signed by 11 countries: Algeria, Australia, Brazil, Chile, India, Mauritania, Peru, Sierra Leone, Sweden, Tunisia and Venezuela. It remains open for signatures at New Delhi by representatives of the countries eligible to become members of the association. The agreement will come into force within 30 days after seven countries have signed.

The ministerial meeting in April decided to set up a working group of six countries to do the necessary preparatory work of convening the first session of the conference of ministers of the proposed association. India will act as co-ordinator of the working group and convene the first session of the conference. The working group is likely to meet in June.

U.K. mission to Mongolia

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

BRITISH TRADING history of a kind will be made next month when Britain's first trade mission to Mongolia sets out for Ulan Bator. It will spend a week in the country sounding out prospects and making introductory contracts.

The mission, organised by the East European Trade Council, will be headed by Mr. John Cooper, the deputy chairman, accompanied by Mr. Anthony Hore, executive secretary; Miss Maureen Green, of Anning Chadwick and Kiver; and Mr. Ron Gilchrist, overseas adviser at the Bank of England.

Mr. Hore said yesterday that it was unlikely the mission would conclude any deals because it was mainly exploratory.

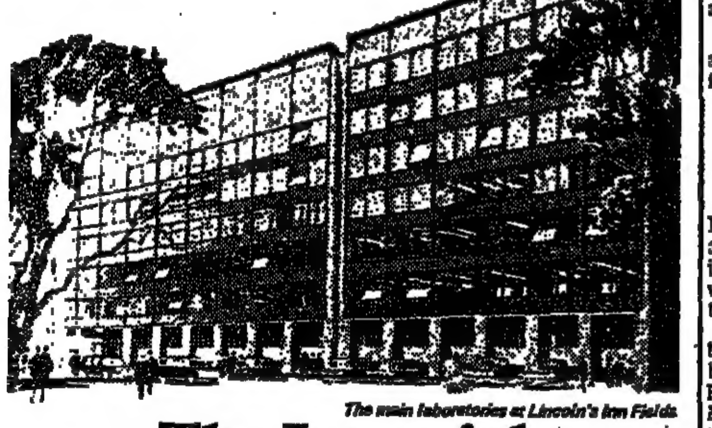
Last year, exchanges totalled £127,000—mainly Mongolian furs for auction in London. U.K. exports have been erratic, recent orders including textile and abattoir machinery and spares.

News of the mission has already drawn a strong response from British companies keen to try new markets. Mr. Hore said he had been flooded with inquiries, and would be travelling to Ulan Bator with a heavy load of catalogues.

Mongolia is a member of Comecon, and so far its trading links have been strongest with the Socialist countries. But it has recently begun to show interest in trade outside the grouping, striking up links with France, West Germany and Japan. The British mission will be the first of its kind from the West.

With only 1.5m. inhabitants, Mongolia is not a large market. The best prospects seem to lie in equipment and "know-how" for its biggest industry, livestock breeding, which currently numbers over 25m. animals, mainly sheep, yaks and horses. Mongolian agriculture is State-owned along Soviet lines.

Mongolia's other source of wealth, non-ferrous metals, also holds promise. But it is not yet clear whether the Mongolians are prepared to allow Western participation in this field.



The main laboratories at Lincoln's Inn Fields

Britain-Cuba agreement expected

BY MALCOLM RUTHERFORD

BRITAIN is expected to reach an agreement on economic and industrial co-operation with Cuba when a high level Cuban delegation visits London next week.

The delegation—the first at this level for many years—will be led by Dr. Carlos Rafael Rodriguez, a Deputy Prime Minister. Dr. Rodriguez will have talks with Mr. Wilson, the Prime Minister, and Mr. Callaghan, the Foreign Secretary.

He will be accompanied by the Minister of Industrial Development, Sr. Gomez Trueba, the Vice Minister of Foreign Affairs, Sr. Rene Anillo, and the Vice Minister of Foreign Trade, Sr. Ricardo Cabrisas, as well as senior technicians and officials.

The economic co-operation agreement will be similar to agreements which Britain already has with the Soviet Union and a number of East European countries. It will lay down the guidelines for the future development of bilateral trade. The question of credit is likely to be discussed. Britain had a trade surplus with Cuba last year of just under £4m. out of total trade of nearly £44m.

The talks will no doubt produce an invitation for a British Minister to make what would be the first visit to Cuba for several years. Mr. David Ennals, Minister of State at the Foreign Office, will meanwhile be visiting Brazil and Venezuela next week.

VENEZUELA TO LIMIT FOREIGN OWNERSHIP

CARACAS, May 15.

FOREIGN CAPITAL in Venezuelan finance companies will be limited to a maximum of 20 per cent. under a package of Government-backed financial law reforms, a Government official said to-day.

Finance Minister Hector Hurtado said that the Government next week will release a package of decrees aimed at making Venezuela's financial laws "more flexible."

Some of the largest finance companies include Compania Anonima Venezolana de Desarrollo (Cavendes), owned by more than 100 foreign and local shareholders, including the World Bank's International Finance Corporation, Xociedad Finance Finalven, 40 per cent. owned by Chrysler Corporation.

AMERICAN NEWS

U.S. payments deficit cut to $2.8bn.

BY ADRIAN DICKS

WASHINGTON, May 15.

THE U.S. overall payments deficit narrowed to $2.8bn. in the first quarter of this year, compared with $4.5bn. in the final quarter of 1974, the U.S. Department of Commerce reported to-day.

The main contributor to this development was a strong turnaround in the merchandise trade balance, which improved by $2.8bn. to end up in surplus by $1.3bn. Increased sales of agricultural products were said by the Government to have accounted for the entire rise in total exports, while other export categories showed little change.

There was a drop from $7.3bn. to $6.4bn. in the value of oil imports, apparently the direct result of President Ford's $1 a barrel import fee scheme. Imports declined steeply in February and March after showing an increase during January. Other raw materials imports also showed a decline during the quarter of $1.3bn., reflecting the continued decline in economic activity in the U.S.

Besides these favourable developments on the trade front, U.S. payments were also boosted by a net increase of $1bn. in foreign purchases of U.S. securities, reflecting the renewed confidence in Wall Street by British, Swiss and oil-country investors, according to the official analysis of the figures.

There was also a net reduction of $600m. in net capital outflows reported through banks, apparently reflecting reduced investment in Canada and in Western Europe. Another development during the first quarter reinforcing the impression that corporate capital is flowing back to the U.S. came from a $3.8bn. turnaround in the "errors and omissions" category, which covers most shorter-term movements of funds. There was a net surplus of $1.9bn. under this heading during the first three months.

Satisfactory as the first quarter results are for the U.S., a note of caution has already been sounded for the latter part of this year. The Secretary of Agriculture, Mr. Earl Butz, warned a few days ago that agricultural exports might be as much as 20 per cent. lower this year, if present expectations of higher production in other countries as well as in the U.S. are borne out.

Fed cuts discount rate to 6%

BY GUY DE JONQUIERES

NEW YORK, May 15.

THE FEDERAL Reserve Board announced to-day that it is cutting the discount rate to 6 per cent. from 6.25 per cent. The cut, the fourth so far this year, will go into effect to-morrow at all twelve regional Federal Reserve banks except Minneapolis and San Francisco.

The Fed cited the recent declines in short-term money market rates as the reason for its decision. Over the past week these rates have continued to fall, with Federal funds and three-month Treasury bills now yielding a shade over 5 per cent. and 90-day commercial paper yielding about 5.9 per cent.

The Fed's move was undoubtedly also influenced, however, by the recent slight strengthening of the dollar and by to-day's announcement of a substantial improvement in the U.S. balance of payments during the fourth quarter.

In addition, further evidence that the U.S. economy remains weak was furnished to-day by the news that industrial production fell in April for the seventh consecutive month. The fall of 0.4 per cent. was, however, the smallest since last August and was limited by a 13 per cent. increase in car production during the month.

Trudeau 'will not interfere' in labour crisis at Olympics site

OTTAWA, May 15.

PRIME MINISTER Pierre Trudeau—echoing an earlier statement by Quebec's Premier Robert Bourassa—said here to-day that he would not interfere in the trade union conflict that has stopped construction for next year's Olympic games in Montreal. Quebec social order was more important than hosting the games, he told reporters.

About 5,000 building workers at the Olympic site have been on strike for a week in protest at Provincial Government legislation to put four Quebec Federation of Labour unions under trusteeship—and weed out construction industry corruption.

A recent inquiry—headed by Judge Cliche—into labour relations here saved its most stinging criticism for labour leaders who extorted vast sums from construction companies and union members alike by threat of strikes, loss of jobs and by physical intimidation.

In Rome, the International Olympic Committee (IOC) is waiting for a report from Canadian officials next week on whether Montreal can stage the 1976 Games despite the strike situation. Agencies

Victor Mackie adds from Ottawa: Finance Minister John Turner reviewed with the Canadian Cabinet to-day the positions adopted by organised labour and businessmen to the Government's proposals for voluntary restraints to fight inflation. Labour was cool to the plan, saying that their memberships would not go along with wage increases restricted to 12 per cent.

Exxon paid 'campaign cash'

By Jay Palmer

NEW YORK, May 15.

EXXON, America's largest company, this morning voluntarily revealed that it has, in recent years, made some campaign contributions to political parties in foreign countries.

Mr. J. K. Jamieson, Exxon's chairman, stressed however that the company's contributions had only been made in foreign countries "where such political gifts are legal."

He refused to disclose the size of the company's donations but did reveal that payments had been made to political parties in Italy and Canada.

Probe into $1bn. securities swindle

BY JAY PALMER

NEW YORK, May 15.

FLORIDA law-enforcement officials have asked the federal Government and other state agencies to help them investigate what they describe as "probably the biggest securities swindle in the nation's history."

Mr. Gerald Lewis, Florida's State Comptroller, said that his Securities Crime Strike Force has uncovered evidence suggesting that at least 30,000 investors "have been bilked" of at least $350m. However, he added that the amount "could go as high as $1bn. for as many as 80,000 investors across the country."

Representatives of the Securities and Exchange Commission, the Post Office, the Justice Department and the FBI as well as a number of other state police agencies are understood to have already agreed to help in the investigation and pool their efforts.

This particular scheme, according to Mr. Lewis, has been going on since 1970 and has involved the sale of corporate notes secured by worthless and fraudulent first mortgages on Florida land and backed by invalid surety bonds. Refusing to name the persons behind the swindle, Mr. Lewis said that his team had uncovered evidence that they are affiliated with organised crime.

Mr. Lewis said that the full extent of his investigation would be spelt out to participating police agencies at a Florida meeting to-day. He disclosed that his staff have 65 related investigations under way—each one involving a separate company or group of companies, some with interlocking ownership — and expect this number to double within eight weeks.

Even if Mr. Lewis' lowest estimate of the extent of the swindle proves correct—and SEC officials to-day told the Financial Times that this was unlikely—it is already clear that the size of this scheme far and away exceeds previous well-known corporate swindles. In each and every case—the salad oil affair, Equity Funding and Homestake Production—losses of no more than $250m. were involved.

ROW LIKELY AT IDB MEETING

By Hugh O'Shaughnessy

SANTO DOMINGO, May 15.

THE 16th annual meeting of the Assembly of Governors of the Interamerican Development Bank is expected to be clouded in controversy when it opens here on Monday.

Bank officials are anxiously awaiting a statement from the leader of the U.S. delegation, Mr. William Simon, U.S. Treasury Secretary, about this country's attitude to the much needed enlargement of the bank's capital base.

CALIFORNIA

A leak in the think tank

BY MAURICE IRVINE IN LOS ANGELES

SIXTEEN years is not a long stretch of time in the Groves of Academe, but that, it seems, is to be the life-span of a unique Californian institution, the "Centre for the Study of Democratic Institutions"—the highest-thinking "think-tank" of them all. This patrician, colonnaded Xanadu, set on a hill overlooking the Pacific, was planned as a gathering-place for the finer intellects of the English-speaking world, a reincarnated Platonic academy, complete with surrogate Plato in the form of Mr. Robert Hutchins, the famous educational reformer and one-time President of the University of Chicago.

Several of its "senior fellows" were and are British—Lord Ritchie-Calder, who is currently working on a global policy for science; Dr. Alex Comfort, the gerontologist, and author of the best-selling Joy of Sex, and its sequel More Joy. Among other scholars at the Centre now are Elizabeth Mann Borghese, daughter of Thomas Mann, who is a specialist in international affairs and the law of the sea; and Rexford Tugwell, one of President Roosevelt's original "New Dealers," who is now drafting his 41st version of a new Constitution for the U.S.

Thinking on this level is an extremely costly business. It took a grant of £6m. from the Ford Foundation to establish the Centre in 1959 at Santa Barbara, a wealthy, select community which regards itself as an oasis of culture in the Californian wasteland. Over the years, largely through the efforts of the charismatic Mr. Hutchins, a further £12m. was raised; but that, too, is now all but gone. For fiscal 1974, the operation was more than £300,000 in the red, and it continues to lose about £35,000 a month, with the result that the Centre faces imminent oblivion, unless a financial angel flies in with a suitcase full of greenbacks.

In these troubled economic times, when the great foundations are making major cutbacks as they fight to survive the effects of the last stock market slump, the minimum endowment of £2m. required to carry on even a small permanent programme has not been forthcoming. "A constant tambourine-rattling operation is going on," says one senior fellow, "but these are days of institutional Micawberism."

So the Centre's scholars and directors are seeking to salvage something from the financial ruins. Unhappily, they are deeply divided over the two chief alternatives—the first of which would move the Centre, lock, stock, and fellows, to Chicago, where operations would be pursued on a part-time basis; the second would keep it on the West coast, with greatly curtailed programmes and funding. The possibility that the Centre might be allowed to die in peace is not much discussed; that, all agree, would be "tragic."

Already, plans are being made to sell "home sites"—a "kingdom of your own" is promised in a coloured brochure—on the 42-acre *sylvan* retreat up on Eucalyptus Hill.

Pipe-smoking, six feet three inches Mr. Hutchins is blamed by some for allowing the Centre's finances to fall into such perilous condition. He had been thinking more, and raising funds less, as time went on and, when last June, at the age of 75 and in failing health, he stepped down as president, his successor Mr. Malcolm Moos, was shocked at what he found. "I knew things were bad," said Mr. Moos, a former president of the University of Minnesota, "but not how bad."

> The era of gracious living and Socratic debate beneath the palms has gone forever . . . these are days of institutional Micawberism.

Critics of Mr. Hutchins and his chief administrative aide, Mr. Harry Ashmore, a Pulitzer prize-winning journalist, charge that they continued to appoint new fellows, paid at U.S. academic rates of £10,000 to £12,000 a year, and organise scholarly symposiums at great expense despite drastically falling contributions and soaring costs. The chief source of income in recent years has been the Centre's magazine, which earns £80,000 a year from the subscriptions of some 75,000 "members"—hardly adequate for a staff of 64, including 14 full-time senior fellows.

While Mr. Hutchins, as "life senior fellow," retired to a cottage in the grounds, Mr. Moos brought in financial experts and embarked on a cost-cutting programme which halved in number both staff and fellows, removing Mr. Norman Ginsburg, a Chicago geographer, as dean, and reducing Mr. Ashmore's influence. Inevitably, rivalry and intrigue sprang up in the face of these changes, leaving scholars at odds and the staff fearful of dismissal.

But both sides had to accept that the era of gracious living and Socratic debate beneath the palms had gone for ever. In its heyday, the Centre was famous for more than its "studios of democratic institutions." Fine wines and food were dispensed amid luxurious surroundings to visitors who ranged from Hollywood's "concerned" actors and writers to national leaders from abroad and some of the great minds of the day. (Under Mr. Moos, its California burgundy, pasta and paper napkins.)

While every fellow worked on the problems of global law and order closest to his heart, communal activity was centred on the famous, *de rigeur* midday "dialogues," presided over by Mr. Hutchins, which fellows and their guests held thrice-weekly on the white-pillared terrace or in the sunny, spacious dining room of the mansion on Eucalyptus Hill. Sherry flowed with the wit, and the conversazione was taped for posterity or use in the Centre's magazine.

A deal of academic teasing went on about these sessions and, indeed, the whole high-flown ambience of the Centre, with its gospel of "clarifying the basic issues and widening the circle of discussion about them." Yet valuable work was done, says Mr. Hutchins, claiming that his institution was "an early warning system" for society. It presaged such dangers ahead as the environmental threat, the medical malpractice crisis, to-day's constitutional problems, the struggle for control of the seas, long before the reality was forced upon the public.

But under its financial cloud, the Centre began to drift. Fellows were absent for longer and longer spells, and projects marked time. Now, oddly, it is Mr. Hutchins who wants to pull up roots and move the Centre to Chicago, ending the costly (about £400,000 a year) "senior fellow programme," and presumably leaving Mr. Moos without a job, since the occasional seminars and one-day-a-week attention of selected scholars to the Centre's affairs would not require expert supervision. Hutchins himself would remain in Santa Barbara, the centre of a small group of writers and thinkers with a less structured basis. The "Chicago Plan" would cost a mere £100,000 a year, it is thought.

Moos, who wants the Centre to remain here, would also disband the senior fellows, replacing them with a few "high-prestige name chairs" and an influx of young blood in the shape of post-doctoral students who would, perhaps, bring their own grant money. One criticism of the Centre has been that its fellows are over-age—the average is [illegible]—and under-productive. But Moos admits that he is unable "while we're on this economic toboggan" to raise the sum he needs.

The Board of 28 directors—chosen by Hutchins, but reportedly including several defectors to the "Moos Plan"—must decide before long what is to be done.

Mr. Hutchins, meanwhile, denies any interference with his successor's efforts to give the Centre a new direction, but he agrees that he does not believe it should become "more practical." There is, he says, no other institution in the world attempting to do what his brainchild is trying to do. But Mr. Moos says change is inevitable and that he needs "just a little turn-around time" to make matters work. As for the fellows themselves, few seem thrilled, though some might be retained, by the Chicago option—"an academic hi-jacking," says Dr. Comfort.

INDOCHINA

Peking, Thailand join in Cambodian accusations

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

CAMBODIA yesterday formally accused the U.S. of spying and said it had decided to release the Mayaguez because it was too weak for a confrontation with America.

China and Thailand also joined in the criticism of the military action to rescue the container ship, with Peking accusing Washington of "an outright act of piracy" for bombing Cambodian territory and shipping. While the U.S. rejoiced over the success of the operation, there was wide criticism among Asian nations. Even Washington's allies feared that the action would embarrass them in dealings with new communist neighbours.

Mr. Li Hsien-nien, the Chinese Vice-premier said at a banquet in Peking to celebrate the fall of Saigon: "When an American ship invaded Cambodia's territorial waters, Cambodia took legitimate measures against the ship to safeguard its state sovereignty. But the U.S. went so far as to make an issue of the matter and sent aircraft to bomb Cambodian territory and ships. This is an outright act of piracy which should be strongly condemned by world public opinion."

In a Radio Phnom Penh broadcast, Mr. Hou Nim, the Cambodian Minister of Information, accused Washington of systematic spying and said that the country's defences had intercepted several boats working for the CIA.

He charged that U.S. aircraft had flown over Phnom Penh every day and that Washington had left agents behind to carry out espionage for it.

"Cambodia, he said, had captured several ships "camouflaged as fishing boats and handled by Thai and Khmer crews" off Kampong Som and the offshore islands. "These crews admitted they were agents of the CIA who had to establish contact with other agents in hiding on Cambodian soil.

"On these boats we seized dozens of plastic explosive sticks which could be used to destroy economic and military installations. They also had powerful radios."

Thailand itself faced some of the biggest diplomatic problems, especially as Washington had ignored its orders not to use the U-Tapao airbase as starting point for the operation. The Prime Minister, Mr. Kukrit Pramoj, said he was studying a list of possible actions, but cutting diplomatic ties with Washington was not one of them.

Mr. Kukrit might ask for an even speedier withdrawal of the 27,000 U.S. troops in Thailand. His Government has told the U.S. that the troops must go home by March next year.

But the Thai Prime Minister is caught by conflicting demands. In some ways the protests against America and its action are more verbal than real. Mr. Kukrit has to balance the wishes of those in his Cabinet who would like the Americans to stay—but are not sure that Washington can be relied upon after the fall of Indo-China—with the need to ensure good relations with his newly Communist neighbours, and with the need to pacify Left-wing forces, particularly students in Thailand.

UPI adds from Bangkok: Thousands of demonstrators denounced the U.S. to-day for sending marines to Thailand as part of the recapture of the Mayaguez.

Several thousand protesters gathered in a Bangkok park to demonstrate against the American action. A few charged that the Thai government agreed with the Ford Administration's tactics in regaining the freighter.

'Secret cargo' denial

NEW JERSEY, May 15.

THE CHAIRMAN of the company which operates the American ship Mayaguez, recaptured by U.S. marines off Cambodia, denied to-day that the vessel carried any kind of secret cargo.

He said he did not know of any reason why Cambodia should have seized the Mayaguez—"It carried no arms, no ammunition, no hazardous or secret cargo of any type."

He added that "the world" would be invited to inspect the ship and its cargo and talk to crewmen when the vessel arrives at Singapore on Saturday.

Mr. Michael McEvoy said the Mayaguez was carrying 274 containers when it was seized. He said 107 containers carried normal commercial cargo, 90 were empty and 77 held goods being shipped to Thailand for the U.S. military.

Of the 77 containers, two carried mail, 26 parts and replacement equipment and three foodstuffs. Eight others contained items such as shaving cream for military shops, and 38 had liquor, beer and soft drinks.

Reuter

Lebanese PM resigns, blames Phalangists

By Ihsan Hijazi

BEIRUT, May 15.

PREMIER RASHID SOLH announced his resignation in Parliament to-day and went to the Presidential Palace to submit an official letter of resignation to President Suleiman Franjieh.

Mr. Solh made the announcement after delivering a speech to a packed house in which he blamed the rightist Phalangist Party for the ambush of a bus last month in which 27 Palestinian guerillas were killed.

The incident provoked a week of fighting between militiamen of the Phalangist Party and Palestinian guerillas. Some 200 people were killed

Premier Solh would not wait for Phalangist deputies to answer his charges, brushed them aside and walked out. Mr. Solh had been expected to attack the Phalangist Party because the resignation of two Phalangist members of his cabinet last week led to resignations by all but three ministers.

Mr. Solh, backed by leftists and some Moslem leaders, had tried to delay the resignation insisting that he would not step down under Phalangist pressure. His statement blaming the Phalangist set off an uproar among Phalangist deputies and their supporters. Mr. Solh's resignation throws the political crisis here wide open.

Portugal 'ready to act over Angola fighting'

BY JANE BERGEROL

LISBON, May 15.

PORTUGAL'S Foreign Minister, on his return from Angola tonight, pledged Portugal and the Portuguese people "will do everything possible to help Angola build and defend its national independence."

In the firmest statement by Portugal's military rulers to date on the Angolan situation, and after accusations of "criminal passivity" have been levied by the MPLA at Portuguese troops in Angola, Major Melo Antunes said "we guarantee we will do everything to guarantee the rights of the three liberation movements and bring the country to independence according to the terms of the Alvor agreement. We cannot allow any movement to rely on fighting to defend its position."

Major Antunes returned from Luanda to-day after a new set of accords was signed by the three rival movements, FNLA, MPLA and Unita by which civilians will be disarmed, the three rival armies will withdraw all men and heavy military equipment from urban areas except those integrated into the mixed forces that are to constitute the future national army, and all foreigners belonging to the movements' official political or military arms are to be expelled from Angola.

This last clause will be particularly difficult to implement if accusations that FNLA has imported thousands of Zairois across the northern borders amongst its troops are justified.

Portugal will have to take an active role in pacifying the country if there is more widespread fighting, the foreign minister said. Major Antunes said Portugal would not hesitate to send its troops back into areas from which they have already been withdrawn, if the situation justified this. But he said there was no question for the moment of increasing the total number of Portuguese troops in Angola which currently number about 24,000.

The Foreign Minister's stance is in direct opposition to a Communist party communique published in Lisbon this morning which stated that "the involvement of Portuguese soldiers in large scale military actions in Angola—one of the aims of the current acts of terrorism there—would not help the Angolan people's struggle for freedom nor would it help the revolutionary process in Portugal."

Major Antunes stressed that Portugal's "historic responsibility" was both to the Angolan people and to Portuguese living and working in Angola. But he said Portugal, "unlike the other former colonial powers, will not impose any political model on its former colonies. It would be a tragedy to do so. Angola must be free to choose its own future."

Frelimo 'to end capitalism'

BY OUR OWN CORRESPONDENT

LUSAKA, May 15.

FRELIMO will crush colonial powers who may want to disrupt the government when Mozambique becomes independent on June 25, the visiting Frelimo President warned here to-day.

Addressing a mammoth rally in Lusaka, Mr. Samora Machel said he would not tolerate any forces that wanted to cause chaos in Mozambique in order to delay the independence of his country.

Mr. Machel, who will be the first president of Mozambique, said his government would eliminate capitalism and exploitation so that there was an equal distribution of wealth among the people.

He announced that from June 25 all boundaries dividing his country and Zambia would be abolished. The people of Zambia and the people of Mazambique were one.

Mr. Machel was addressing his last meeting before flying to Tanzania, from where he will return to Mozambique after ten years in exile.

Japanese 'defy' UN on Namibia

By Peter Duminy

TOKYO, May 15

JAPANESE companies are disregarding UN legislation on South West African resources and may find their consignments confiscated as from June 1, Mr. Sean Macbride, UN Commissioner for Namibia, said to-day.

He said that the 1974 UN decree protecting Namibian resources would become fully operative after May 31, the date set for South Africa to declare its intention of giving up the territory. It is not expected to do so.

Thereafter, "anything taken from Namibia will, in law, be stolen property which can be pursued and retrieved," in the law courts. Mr. Macbride and Mr. Rupiah Banda president of the UN Council for Namibia, were holding a Press conference at the end of four days of talks with Japanese Government and business leaders.

Mr. Banda said that Japanese companies tended to deny the existence of "trading relations with South Africa involving Namibia." However, the council had information to the contrary, involving specific firms including trading companies. Within the next three weeks, all these would get letters notifying them of the legal position and the risks they run in taking delivery of Namibian copper, uranium, diamonds.

Hanoi to seek aid from Japanese

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, May 15.

THE JAPANESE steel industry has received tentative approaches from North Vietnam for help in the construction of an integrated steel mill, according to industry sources. The plant might have a capacity of around 1m. tons a year, but this would depend on the outcome of feasibility studies.

Nippon Steel and other companies which could be involved in the project have so far given no direct answer to the Vietnamese, but Japanese interest in the proposal can be counted on for two reasons. First, North Vietnam is relatively rich in natural resources (including coking coal) and therefore represents a potentially attractive trading partner for Japan. Second, there is no longer any conflict for Japan between the development of trade relations with North and South Vietnam.

Japanese steel manufacturers are interested in South Vietnam as a potential market for their products when reconstruction gets under way.

The steel industry is not the only Japanese industry which has received requests for help from North Vietnam. A major Japanese engineering concern has received an inquiry for a fertiliser plant. Japan's Export-Import Bank, which finances deferred payment exports, has been authorised to consider requests for loans from would-be Japanese exporters to North Vietnam on their financial merits. An official of the bank said this afternoon that it has one such application under consideration.

Japan's two-way trade with North Vietnam last year was worth Y14.8bn. (about £22m.), compared with only Y5.5bn. in 1973.

Saigon's new leaders at victory parade

BY STEWART DALBY

SAIGON, May 15.

AS A brass band played marching tunes and thousands of children and Saigonese waved flags and pictures of Ho Chi Minh, the Vietnamese liberation forces this morning staged a massive military parade to celebrate the liberation of South Vietnam just over two weeks ago.

On the rostrum, in front of the former presidential palace, were most of the key figures of the Provisional Revolutionary Government, who were making their first public appearance in Saigon.

The parade, for which preparations had been in train all this week, started before first light. Columns of Saigonese who had been picked beforehand marched through the city's empty streets in a light drizzle with banners aloft proclaiming the liberation of Ho Chi Minh City, which Saigon has now been named. When the crowd of around 15,000 had assembled in the park in front of the Doc Lap (independence) palace, they were addressed by North Vietnamese and PRG leaders.

The president of North Vietnam, Ton Duc Thang, told the crowd that Vietnam is no longer a divided country. Interestingly this was also stated by Mr. Nguyen Huu Tho, the president of the National Liberation Front. There has been much speculation on whether Hanoi would immediately attempt to reunify the two Vietnams or whether a slow transition would take place with a Provisional Revolutionary Government of southern communists running what was South Vietnam for an indefinite period. Among the notables on the Peking-style rostrum was the familiar Le Duc Tho, said to rank number six in the nine-man Hanoi politburo and the man who conducted the Vietnam peace negotiations with Dr. Kissinger.

The North Vietnamese leaders on the rostrum seemed to be outnumbered by the PRG chiefs,

Bhutto leads in Kashmir

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

PAKISTAN'S ruling People's Party is expected to lead the field in the general elections on Sunday in Azad (Free) Kashmir. Such a result would provide a powerful reinforcement for the acceptance by both Pakistan and India of a divided Kashmir, with the present lines of control being gradually recognised as the permanent international boundary.

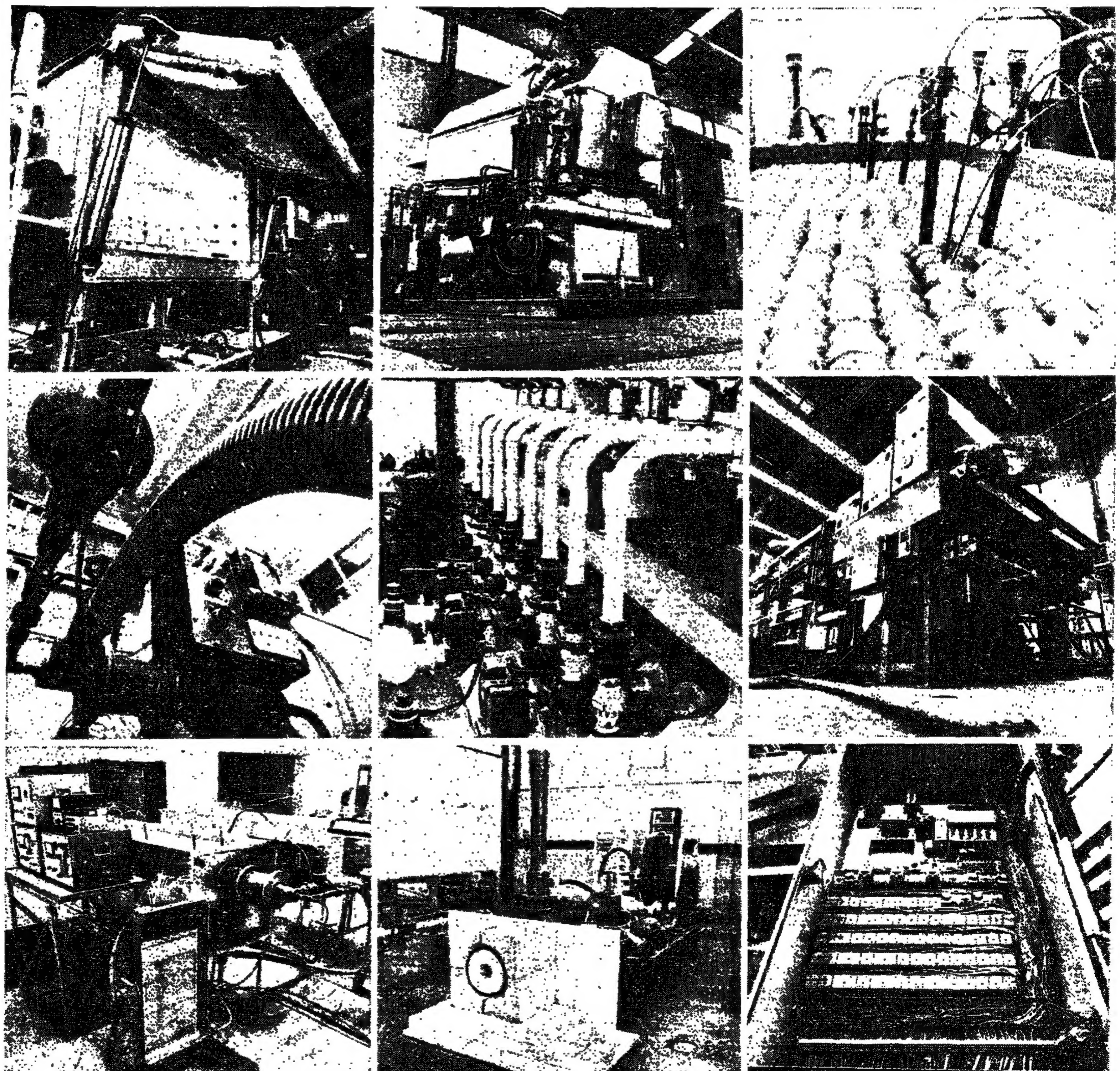
Officially, Pakistan says that the people of predominantly-Muslim Kashmir must decide for themselves to which country they wish to belong. It regards the Indian occupation of Srinagar and the Vale of Kashmir as illegal, and several of the parties fighting the election have raised the slogan of "liberating" Indian-occupied Kashmir.

The two countries have fought three wars—in 1947, 1965 and 1971—in which Kashmir has been an issue, and to date Pakistan has treated Azad Kashmir, which it effectively controls, differently from the ordinary provinces of Pakistan, giving it more independence.

If now the ruling party in Pakistan takes control of the state it will mean that Azad Kashmir will not be much different from the other provinces. The People's Party did not take part in the last Kashmir election in 1970, but in the last five years, through defections and conversions, it has captured nine of the present 24 assembly seats. The other parties also complain that they find it difficult to get coverage in the Government-controlled media.

A People's Party victory would allow Pakistan to keep in step with moves made in Indian Kashmir.

It has been widely rumoured that in 1972 at Simla Mrs. Gandhi of India and Mr. Bhutto of Pakistan agreed that the present lines of control in Kashmir should be allowed to become international boundary lines. Officially this has been denied, but last year a high-ranking Indian official who was present at Simla, told me that such an agreement had indeed been made by the two Prime Ministers.



EUROPEAN NEWS

Emminger puts calm view on Britain's economy

BY ROBERT MAUTHNER — PARIS, May 15.

DR. OTMAR EMMINGER, vice-president of the West German Bundesbank, did his best to-day to dampen some of the more alarmist views on the British economy following a meeting here of the OECD's Working Party Three, which deals mainly with balance of payments problems.

Although he was obviously anxious not to dip his toe too deeply into the cauldron of Britain's economic problems, Dr. Emminger nevertheless emphasised that the group of high Treasury and Central Bank officials of which he is chairman had discussed the problems of the pound in a relatively serene manner.

"There was not the slightest crisis atmosphere, although the matter was discussed very thoroughly," Dr. Emminger said. He admitted, however, that the officials had concentrated on balance-of-payments problems and not on the overall economic situation or policies in Britain.

On the payments front Dr. Emminger was relatively optimistic. Britain would participate in the general improvement of OECD member-countries' current accounts in 1975, though she would still have the highest deficit of any of them. According to forecasts by the OECD Secretariat the British deficit would be in the region of \$7bn. this year.

Dr. Emminger emphasised that the recent improvement in the British trade figures was not based entirely on a decline in imports, but that British exports had "held their own."

The British economy was now probably at least as competitive as it was nine to 12 months ago, Dr. Emminger added, while admitting that price comparisons did not alone decide a nation's competitiveness in international markets, and that the exchange rate had clearly taken most of the strain.

As a Central Banker, Dr. Emminger is very conscious of the effect his remarks will have on financial markets and it is doubtful whether he revealed the full extent of the concern expressed by Britain's partners about the state of her economy.

On the general outlook for the OECD area Dr. Emminger said it now seemed the overall current deficits of member-countries would total no more than \$20bn. to \$24bn. this year, more than \$10bn. down on last year's combined figure.

This is slightly higher than the most recent figure of \$18bn. predicted by the organisation's secretariat. In the case of some important member-countries the deficit would be less than half last year's.

The main reason for this "conspicuous improvement" was the substantial reduction in imports of a number of countries, due to a combination of factors such as a slow-down in economic activity and a fall in raw material prices.

The oil-exporting countries, on the other hand, were expected to have a combined surplus of no more than \$45bn. in 1975, at least \$5bn. less than originally forecast.

Fourcade optimistic on inflation

BY GILES MERRITT — PARIS, May 15.

FRANCE'S inflation rate is currently running at around 6 per cent. yearly, according to a confident forecast by Finance Minister Jean-Pierre Fourcade.

Speaking to a special Senate Finance Committee, M. Fourcade indicated that price increases for May and June would near a monthly rate of 0.5-0.6 per cent. against 0.8 per cent. earlier this year.

While M. Fourcade has cautiously not committed himself to the claim that France has conquered inflation with its harsh deflationary measures of the past 18 months, the Finance Ministry's determined refusal to sanction major stimulatory measures

With the March index at 0.8 per cent., inflation in France is running at a yearly rate of around 10 per cent., which is almost in line with the French Government's self-imposed target of last year to reduce inflation to single figures.

However, only two months ago M. Fourcade stressed that an inflation rate of 6-8 per cent. was required before the French economy could be considered on a sound enough footing for reflationary measures to be introduced. He added then that "strong nerves" were required "to resist the natural impulse to expand prematurely."

And in spite of unemployment hovering persistently around the million mark in defiance of the usual seasonal upswing, the French Government has restricted itself to a Frs.15bn. economic recovery package, unveiled only three weeks ago, that concentrates on industrial investment rather than short-term stimulation of consumer demand.

But M. Fourcade yesterday also confirmed to the Senate his earlier statements this year revising growth forecasts for the French economy. GNP, he said, would increase only 2-2.5 per cent. during 1975 against last year's 3.5 per cent. rise and earlier forecasts that France could hope for between 3 and 4 per cent. this year. M. Fourcade nevertheless pointed out that France's modest GNP growth would compare favourably with the zero growth or reduced GNPs of some of her principal trading partners.

● France had a seasonally adjusted trade surplus of Frs.1,627m. in April compared with March's surplus of Frs.868m., the Foreign Trade Ministry said. Imports in April were worth Frs.17,497m. against Frs.18,508 in March and exports were worth Frs.19,124m. against Frs.19,707m.—Reuter.

EEC urged to broaden contacts

BY REGINALD DALE, COMMON MARKET CORRESPONDENT — BRUSSELS, May 15.

THE EEC should start negotiating wide-ranging economic co-operation agreements with non-member countries, alongside the bilateral co-operation pacts already negotiated by individual member states, Sir Christopher Soames, Commission Vice-President for External Relations, said here to-day. The first country with which the Commission would propose such an agreement was likely to be Canada, followed by Iran.

Member Governments, and in particular France, have in the past argued that the Community as such can only sign trade agreements with third countries, and that wider forms of economic co-operation must remain in the hands of national Governments. Sir Christopher, however, to-day argued that the Community's external relations must not depend on "dogma and theology," and said that the EEC would not be taking full advantage of its potential unless it moved into the field of economic co-operation. There was a very strong feeling in the Commission that it was time to grasp this nettle, he added.

Sir Christopher, who had just returned from visits to China and Iran, told a Press conference that both countries attached great importance to their future relations with the Community. The Community must respond to the interest expressed by the outside world, an interest which remained strong despite the EEC's internal difficulties.

The Commission would now press ahead with exploratory contacts for new agreements with both China and Iran, Sir Christopher said. The Chinese pact will probably be a fairly straightforward trade arrangement, but a new more wide-ranging form of agreement should be negotiated with Iran, unlike any of the Community's existing agreements with other countries, he said.

● Common Market grants approved for the U.K. have so far totalled £435.82m., according to figures issued yesterday by the Commission, David Curry reports from Brussels. Of these, £267.12m. were approved in the first two years of membership and £164.7m. so far this year. Over the same periods loans worth £200.62m. and £84.5m. have been approved.

The latest loan for Britain, £25m. of assistance towards the financing of 10 National Coal Board projects at a cost of £50m., was announced yesterday. The 10 projects will increase the amount of coal available for electricity generation by 1.2m. tonnes a year and of coking by 150,000 tonnes a year.

No boycott, Arabs told

STRASBOURG, May 15.

THE COMMON Market Commission to-day said it will insist that Arab countries negotiating trade deals with the Community give a commitment not to discriminate against Jewish EEC nationals and firms.

Commissioner Claude Cheysson told the European Parliament that the Commission is demanding that non-discriminatory clauses be included in accords under negotiation with Algeria, Tunisia and Morocco.

The Commission will also insist that such clauses be included in future agreements with Egypt, Syria, Lebanon and Jordan.

Speaking in a debate on economic discrimination against EEC nationals and firms practised by countries of the Arab League, M. Cheysson said: The Commission considers that discrimination runs counter to the spirit and principle of co-operation which the Community wants to establish with Mediterranean countries.

The Community signed a trade accord with Israel on Sunday, drawing criticism from some Arab states for concluding the agreement before the end of the negotiations with Algeria, Tunisia and Morocco.

BRITAIN'S EEC VOTE AND THE GERMANS

A hope disappointed

BY JONATHAN CARR IN BONN

WEST GERMANY wants Britain to stay in the European Community, believing it to be in the interests of both countries. And it thinks that Britain will work constructively within the EEC once a positive decision has emerged from next month's referendum.

That, broadly speaking, is the official German view—and you will hear it repeated with varying degrees of enthusiasm in the Chancellery, the Foreign Ministry, and by leaders of all parties in the Bundestag.

And yet it would be wrong to imagine that for the Germans all is now as it was before the "re-negotiation." (It is put in inverted commas in Germany too.) Whatever financial benefits may have emerged for London from the process, whatever may have been achieved in terms of Labour Party unity, there is one major debit item which, because it is not really quantifiable, may not have emerged on the balance sheet as viewed in London. It is simply the loss of esteem for Britain within the ranks of German Government, the political parties, industrial organisations, management and—so far as one can judge—in the public at large.

That is not a matter of economic performance—though, heaven knows, the Germans gaze at the British in that respect these days with a mixture of baffled wonder and much concern. It is not a question of an ailing currency. Rather it is a reappraisal of the value of Britain's word. London solemnly signed an agreement under which it achieved its long-cherished aim of entry to the EEC, an aim which Bonn helped to realise. Then, as far as the Germans are concerned, it went back on its undertaking. It is hardly worth trying to explain the need for "re-negotiation" to doubting Germans in terms of divisions within the Labour Party—any more than it would be possible to make a similar West German policy convincing to the British in terms of factional strife within the Social Democratic party.

One can also usually save one's breath over observing that the British financial contribution had been set too high. That view is widely recognised as having merit—but in that case, Germans are wont to observe, Britain should either have negotiated better in the first place, or tried to clear up the matter in the context of normal Community business, without adding "re-negotiation" to the already long list of problems of the EEC. One German official closely connected with the "re-negotiation" process and fully aware of the economic and financial problems involved, cruelly put a widely-held view: "It is no sin to be poor. But to be unreliable and smallminded too. . ."

It would be wrong to suggest that matters came to such a pass through "re-negotiation" alone—though they cleary worsened once that process was under way. The origins lay rather in the disappointment of the hopes of Germans—and so far as one can judge of other partners in Europe too—in the months following British entry to the EEC. Some say now that hopes were set too high, but it is worth pointing out that it was a significant compliment to Britain that they were. The Germans did not want to see Britain in Europe merely so that things would not become worse than they were before—nor even merely as a counterweight to France. (What price that particular strategy to-day?)

They saw the Community more or less at a standstill and looked to Britain and the other new entrants to get it moving again in many directions. To some it was in the European parliamentary sphere. For others, such as Helmut Schmidt, it was the hope of a new "ferment in the manner in which proceedings at Council Meetings tend to go," tightening procedure, cutting waffle. No doubt the new members would bring extra problems of their own to the Community. But the hope was that they would also provide a new vigour and a different perspective within which some of the existing Community difficulties could more easily be solved.

In the event—even if the balance was not wholly negative—Britain disappointed, and the decision of the Labour Government to re-examine the whole question whether it was worth being a member at all accentuated the letdown.

Asked recently why he wrote

so few commentaries on Britain these days, a leading journalist from one of West Germany's major newspapers and a longtime friend of the British replied: "Because I can find nothing good to say." Some of his colleagues are more frank. Take one of the leading commentators of the distinguished and generally restrained Frankfurter Allgemeine Zeitung. "None of the things the British promised to bring into the community seem to be available: modern technology, Parliamentary tradition, world political experience. Instead all one hears of are all kinds of retreats. The British have even become too poor to build the Channel Tunnel."

No doubt, if the Germans had hoped for less from the Community then none of this would matter so much. In particular, if the EEC were seen merely as a trade grouping with only an economic reason for existence, then the entry of a country with severe economic problems would be no cause for jubilation and its departure a matter rather of relief. But then West Germany sees the Community essentially in political terms—and no talk of the difficulties of the currency "snake," or of the absurdities of the Common Agriculture Policy, nor cries about Bonn being the "Paymaster of Europe" should be allowed to obscure this fact. Political union remains the goal, and the only real difference between Government and Opposition on the topic, is that the latter feels the former could make better use of the opportunities open to it to press ahead in that direction.

Foreign Minister Hans-Dietrich Genscher, said no more—and no less—than the truth, when he observed that "it is our particular good fortune that the German Federal Government's policy of European unification is supported by all the political forces in our country." He may have exaggerated somewhat when he added: "This policy is approved of by the entire public"—but not excessively so as an opinion poll by the respected Allensbach Institute makes plain. The results were made public last October, but there is little reason to suppose that they would be significantly different to-day. According to its findings, 72 per cent. of adult West Germans support the development of the EEC into a political U.S. of Europe (against 69 per cent. in 1970). Nine per cent. were against—the same as four years before. More to the point, people were asked whether they would approve if there were a European Government above the Federal German Government with competence for foreign policy, defence and economic affairs. A total of 55 per cent. supported the idea (against 56 per cent. in 1970) and 21 per cent. did not (against 20 per cent. before).

Of course there are several good reasons why West Germans in particular should be attracted to the cause of European unity, among them the division of the country after the war. But to explain this is not to explain it away. One might perhaps have thought that the Germans wi[th] their powerful economic a[nd] defence performance, and [the] respect in which they are held [in] the world to-day, would conclu[de] that they are doing very nic[ely] and that some amorphous, sup[ra-]national body would just mea[n] more bills, more bureaucra[cy] and less efficiency. On the co[n]trary, support for a Europea[n] political union—realistic [or] otherwise — has remain[ed] remarkably constant through [the] EEC's vicissitudes.

Two things would help grea[tly] to restore that diminish[ed] British stock to which referen[ce] has been made. One would [be] a very substantial positive vo[te] in the referendum. Most Ge[r]mans seem to believe that [the] decision will be somewhat [in] favour of Europe—which is o[ne] reason why industrialists a[nd] economists here fight shy of ta[lk] about the possibility of a fr[ee] trade agreement should [the] referendum result be negati[ve]. There is no point, they feel, [in] discussing a hypothetical sit[ua]tion. But a large majority [in] favour would do much to co[n]vince Germans that behind [the] smoke screen of factio[nal] quarrels, the British people [in] the end can be relied upon [to] turn up trumps.

The other point invo[lves] Britain's approach to EEC affa[irs] if the referendum leaves t[he] country part of the "Ni[ne]". Nothing would do more to rest[ore] Britain's standing in Germa[ny] than a clear sign that Lon[don] is ready to seize some [of] those initiatives in the [poli]tical sphere which were ho[ped] for once before, but whi[ch] never emerged. Herr Genscher again stressed last week [how] important it was to insti[tute] general direct voting [to the] European Parliament in [1978]. The seating of Labour Pa[rty] deputies in the Parliament, [and] the active work of all Bri[tish] representatives in Parliam[ent] and council to see that this d[ate] be met, would act as a powe[rful] reassurance to those Europe[an] partners, so far disappointed.

Hungary's Premier resigns

By Paul Lendvai — VIENNA, May 15.

HUNGARIAN PREMIER Jeno Fock resigned to-day. He will be replaced by Mr. Gyorgy Lazar, the deputy premier and chairman of the planning office.

The resignation of Mr. Fock did not come as a surprise. Ever since his sharp self-criticism at the last party congress in March the resignation of the 59-year-old economic expert was widely rumoured. He had been Premier since 1967.

Nevertheless it is astonishing that Mr. Fock "retired at his own request for reasons of health" only seven weeks after his re-election as a member of the Politburo of the ruling Communist Party. Furthermore, a change in the Government would have been less surprising after the general elections scheduled to be held in mid-June.

Mr. Lazar, 51, became a Deputy-Premier, chief planner and Hungary's permanent representative to Comecon in 1973 after having served as Minister of Labour between 1970-73. He had been for over two decades an official of the National Planning Office and has a reputation of being a good organiser and able economist. He became a member of the Politburo at the last Congress.

Mr. Fock who has belonged to the Politburo for 18 years, played a key role in shaping economic policy during this period

Spain pushes for release of captured Sahara troops

BY ROGER MATTHEWS — MADRID, May 15.

TENSION between Spain and Morocco in their Spanish Sahara dispute has mounted sharply during the past 48 hours following the capture of at least ten regular Spanish troops by guerilla groups. General Franco has discussed the situation with his military chiefs, and the Spanish Ambassador in Rabat has had an urgent meeting at his own request with King Hassan.

The Ambassador is thought to have demanded the immediate return of the captured troops, who, according to non-official sources, include four officers and two non-commissioned officers. Morocco has claimed sovereignty over the Spanish colony, and King Hassan has for some time been making hostile noises about the Spanish attitude.

A tough Spanish response can be expected unless the men are freed quickly. The number of Spanish troops in the colony has been increased during the past few months, and inspite of an almost total news blackout from the area it is reliably reported that several Spanish troops have died in clashes with guerillas.

Nothing official has been said in Madrid about the latest incident, although there is speculation that Spanish troops in the Sahara may have taken advantage of the situation on the Moroccan border to rebel against their officers.

The situation is complicated by the presence in the Sahara of a UN fact-finding team, which is examining conditions there in preparation for the referendum the Madrid Government has promised to hold. This will allow the local population to decide their own future, although the Moroccan Press has been bitter in its denunciation of the Spanish plan.

The Spanish Sahara, with its 60,000 nomadic population, is important economically because of the size of its phosphate deposits, currently extensively exploited by the Spaniards, and by the prospect of more extensive mineral wealth.

Lisbon sacks Air Force chief

BY JANE BERGEROL — LISBON, May 15.

PORTUGAL'S Air Force Chief of Staff was sacked and a new officer appointed to-day in the final stage of purging the most conservative wing of the armed forces.

"We must end the crisis in our Air Force," President Costa Gomes told the new appointee, General Morais da Silva, at his swearing in ceremony, thereby recognising, for the first time, the bitterness and divisions within the Air Force since the failed March 11 coup and the spate of what many in the service considered unjustified purges that followed.

The new Chief of Staff, who replaces General Narciso Mendes Dias, spoke of his aim of building a "revolutionary air force." The General, who was appointed to the post by the Supreme Revolutionary Council and will accede to its ranks in his capacity as Chief of Staff, was also approved by an Air Force general assembly on Tuesday. The assembly meeting lasted until 3 o'clock in the morning and was by all accounts a heated affair.

Although the Armed Forces Movement (AFM) has been at pains to clear General Mendes Dias from any involvement in the strange events of March 11, it has said he was dismissed "for failing to react sufficiently quickly to what was going on." The implication is quite simply that he is not reliable, although military leaders maintain he is "supporting the revolutionary process."

The sacking comes after repeated rumours that other top Air Force officers, including Lieut.-Col. Fisher Lopes Pires and Col. Pinho Freire, were preparing to resign from the Supreme Revolutionary Council itself.

The Air Force has always had the reputation of being politically the most conservative arm of the armed forces, and because of its pilots' bombing of the Lisbon artillery unit on March 11 and its "paratroopers" simultaneously preparing to attack the unit, has carried most of the onus for the attempted Spinolist coup.

French deny re-siting N-missiles

BY GILES MERRITT — PARIS, May 15.

ALLEGATIONS that the French Government is on the point of re-siting its new Pluton tactical nuclear missiles inside West Germany to-day drew prompt official denials. But at the same time. French Communist Party leader Georges Marchais' claim that French Army units manning the 75-mile-range Pluton will soon be stationed outside France under the terms of a secret military pact between EEC members has focussed attention on France's plans for its new missile force.

Introduced exactly a year ago, the 10-25 kiloton Pluton range will not come into full service until 1977, by which time six infantry regiments will between them operate about 40 AMX-30 tanks mounted with the tactical nuclear weapon. Officials here explained to-day that three of these regiments will come under the command of the French army corps headquartered at Baden Baden, West Germany, while the remainder will be controlled from Nancy, in eastern France.

The officials have stressed that no Pluton units have been stationed outside France, nor would they be. The implication was that M. Marchais' invitation to journalists yesterday that they should investigate a secret military agreement stemmed from his own confusion over the role of the Baden Baden army corps

Unwittingly or not, M. Marchais may well have touched on a question that the French Government would rather leave alone. His suggestion that France is attempting to revive the defunct European Defence Community as an EEC military bloc parallel to NATO was officially dismissed as "sheer fantasy," but the French have still not revealed the terms under which their missiles would be deployed for use against targets on German soil.

With their maximum range of only 120 km., the tactical Plutons are designed to be fired against troop concentrations and specific military installations, but because of their nuclear nature the West German authorities requested details over a year ago of French combat plans in an attempt to agree "neutral" zones in high population areas. More important, as France builds up her Pluton capacity along the border with Germany, the French Government will increasingly need to agree a concerted nuclear strike policy with its NATO counter-parts.

Milan art rifled again

MILAN, May 15.

THIEVES broke into Milan's Modern Art Gallery in the early hours of this morning and stole the pick of its Impressionist collection worth more than L5bn. (£3.5m.)—for the second time in three months.

Police said that the thieves—three or four of them—entered the gallery through a first-floor window. They assaulted two guards on their round, bound and gagged them, and made off with 36 paintings, including canvasses by Cezanne, Van Gogh, Renoir and Corot.

The latter were among 28 pictures spirited away from the gallery on February 16 and recovered undamaged in a Milan apartment on April 8. They had only recently been returned to the gallery.

More than half of the pictures stolen to-day were among the February haul, which itself came shortly after the robbery of three priceless Renaissance masterpieces by Piero Della Francesca and Raphael from the Ducal Palace at Urbino. These pictures, worth up to £10m., have not so far been recovered.—Reuter

Karamanlis starts Bonn visit

By Our Own Correspondent — ATHENS, May 15.

GREEK PREMIER Constanti[ne] Karamanlis to-day began [a] three-day official visit to Bo[nn] at the invitation of We[st] German Chancellor Helm[ut] Schmidt during which he w[ill] seek economic and military a[id] for Greece and try to secu[re] West German political supp[ort] in Greece's disputes wi[th] Turkey.

Mr. Karamanlis, as he d[id] during his successful offi[cial] visit to Paris last month, [is] expected to ask West Germ[an] leaders to support Greece['s] request for full EEC memb[er]ship in the next five yea[rs] instead of waiting until 19[..] the year originally schedul[ed].

He will also seek support [for] the \$480m. loan from [the] Community that Gree[ce] requested to develop its ag[ri]cultural sector. He is al[so] likely to obtain a direct W[est] German loan at least equal [to] the \$100m. pledged by a c[on]sortium of French banks.

In the defence sector, t[he W]est German Government h[as] promised DM100m. in milita[ry] aid to Greece within the ne[xt] 18 months, the same amount [it] has allocated to Turkey. Pr[e]mier Karamanlis is expected [to] try to increase this aid a[nd] touch on the subject of furth[er] arms supplies to help bolst[er] Greece's defence capability [in] view of its withdrawal fr[om] NATO's military structure a[nd] its strained relations wi[th] Turkey over Cyprus and t[he] Aegean.

However, West Germ[an] leaders are likely to try [to] persuade Mr. Karamanlis [to] revise his decision to pull [out] of NATO's military wing, [a] move which has inevitab[ly] weakened the Alliance's so[uth-]eastern flank.

Nato begins naval exercise in Aegean

ANKARA, May 15.

WARSHIPS from four NATO powers to-morrow begin a ... month exercise in the strait and disputed waters of the Aegean, that will highlight some of the gaps in the alliance's shaky south-eastern flank.

Greece, which withdrew from NATO's integrated military structure last year, is not participating in the manoeuvres code-named "Defence Forty" leaving the navies of Britain, Turkey, the U.S. and Italy to play out the war game without entering Greek waters.—Reuter

Shawcross's prophecy of doom and disaster

BY NICHOLAS LESLIE

AN IRRETRIEVABLE economic, social and political disaster faces Britain unless "we, the people, wake up and nake ourselves behind a resolute Government which seeks to represent us all."

This warning was given yesterday by Lord Shawcross, QC, a former Labour Minister. Speaking as chairman of the Wider Share Ownership Council at its annual meeting, he maintained that the timetable to disaster could be shortened to "months instead of years" if there were a No vote in the Common Market referendum.

Lord Shawcross also said Mr. Anthony Wedgwood Benn, the Industry Secretary, was among those who wanted to divide and destroy Britain's "civilised and democratic way of life."

He said Britain was in an economic mess because weak and incompetent Government had encouraged "the great British people" to live under the philosophy of "I'm all right, Jack."

But it was not only weakness and incompetence—"there are forces now actively and openly at work whose object it is to bring our existing society and establishment to collapse," Lord Shawcross suggested.

By economic disaster, he meant an inability to pay for food bought abroad and for raw materials imported for manufacture here; factories and great industrial enterprises closing down; food rationing; massive unemployment and civil disorder, all of which led to chaos. "It is in conditions of chaos that totalitarian systems sieze power."

Split needed

While the present economic disarray was due to both Tory and Labour Parties, it "started when Mr. Harold Wilson and Barbara Castle abandoned their 'In Place of Strife' policy," he said, adding that he had warned of the consequences five years ago and again more recently.

Whichever way the vote went on the Common Market, there had to be a split in the Government if any integrity remained in politics. Lord Shawcross felt that on such a momentous and complex issue it was a "terrible thing" that there was not a united Government giving clear leadership.

Part of the economic problem was due to the low rate of investment in new plant and equipment. Mr. Anthony Wedgwood Benn had sought to blame the City for that. "He knows what nonsense that is, but like all other demogogues before him, he hopes that if he repeats it often enough a gullible public will believe him."

How could City institutions invest other people's money when there could be no confidence in the future or stability of industry? Industry was the shuttlecock of doctrinaire politics—"nationalise to-day, denationalise to-morrow." Trade unions insisted on employment of more people for a job than in the U.S. and Germany, and profits were cut to the bone.

The "most important reform" for industry would be a postal ballot, provided free by the State, for all important elections and decisions in the trade unions, said Lord Shawcross.

In politics there should be electoral reform giving power back to the people with elections on a basis ensuring that all significant sections had fair representation.

● Unless inflation is checked, Britain will price herself out of world markets while jobs and the standard of living will be at risk. Sir Don Ryder, the Government's industrial adviser, said yesterday.

Sir Don warned that Britain was becoming accustomed to inflation "and until recently we could comfort ourselves with the thought that world prices were to blame."

He told the Building Societies' Association in Torquay that Britain's three main problems were high inflation, lack of investment and low productivity.

F. Withy to withdraw last liner

THE FURNESS Withy group, one of Britain's biggest shipping companies, is to withdraw from service its last passenger liner, the 24,000 gross ton Northern Star, in November.

The ship—operated by Shaw Savill Line, a Furness Withy subsidiary — will complete her 1975 season, which consists of 12 cruises from Southampton between June and October.

Although these cruises are all heavily booked, Furness Withy believes that it would be impossible to operate this one liner economically next year. The withdrawal follows the line's earlier decision to take the Ocean Monarch liner out of service on June 5.

"We decided it was not economical to run only one passenger ship with all the attendant overheads on shore, which could not be reduced to any great extent," said a Furness Withy spokesman yesterday. "Our fares, with two ships, went up this year by 38 per cent. Next year, with only one vessel, they would have to go up by an even greater percentage."

The company would not comment on the future of the vessel, which is only 14-years-old and was built by Vickers. The Ocean Monarch was sold last week to Taiwan shipbreakers at a cost of $85 per lightweight ton. On the basis of the ship's 18,000 lightweight tons this sale was worth just over $U.S.1.5m. (about £700,000).

A leading London shipbroker suggested yesterday that although Furness Withy is keeping its options open for the future of the Northern Star, its most likely destination in to-day's depressed conditions was the scrapyard.

In terms of lightweight—the actual weight of the ship from a demolition yard's point of view—the Northern Star is similar to the Ocean Monarch.

However, with a huge surplus of oil tanker tonnage throughout the world, scrap prices could easily drop.

TT-Line to stop using ferry under flag of convenience

BY JAMES McDONALD, SHIPPING CORRESPONDENT

TT-LINE is to return its cross-Channel ship, Mary Poppins, to the West German flag after British and French unions had opposed its plans to operate the vessel between Southampton and St. Malo under a flag of convenience.

The West German company still plans to begin the service on May 28, Mr. Michael Traber, its Channel Services general manager, said in London yesterday. The National Union of Seamen and the Transport and General Workers Union had been notified of the flag-transfer decision on Wednesday night. "The seamen's union was delighted and there was a more cautious welcome by the TGWU," he added.

He thought the move satisfied the resolution passed last month by British and French seafaring and port workers' unions, along with cross-Channel operators, "to offer all opposition to the entry into service of the Mary Poppins between the U.K. and France and also to all ships flying the flag of convenience trying to enter the Channel service."

Mary Poppins, which has been under the Cyprus flag, will operate 4½ months this year and will be replaced next year by a larger ship, the Oliver Twist, with a year-round service.

The company claims that the service between Southampton and St. Malo will charge the lowest fares per sea mile on the Channel, together with reduced rate return tickets for passengers and vehicles.

While the fare, of about £15, was about the same as that charged on the Southampton-Cherbourg route by other operators the sea distance was almost double, said Mr. Traber.

Mary Poppins so far has had German officers and mainly Filipino crew. With the transfer of flag, the Filipino crew will gradually be transferred and, the company hopes, replaced by a mixed German, French and British crew.

Mr. Traber pointed out that the Filipino crew received higher wages than British Seamen in U.K.-Flag ships.

He emphasised that German registration fully established TT-Line's service as an enterprise within the EEC, "which allows for the right to create new business within the Community and for the free transfer of labour for community nationals."

Advance bookings on the 4,000-tons ship already total over 20,000 for passengers and 5,000 for cars—over one-third of the total trade expected by the line this season.

Flixborough steel pipes were fractured

By David Fishlock, Science Editor

SCIENTISTS ASSISTING the inquiry into the Flixborough explosion last June have discovered that stainless steel, a major construction material in large chemical and nuclear installations, is far more vulnerable to certain combinations of heat and stress than previously suspected.

They have shown that two different metallurgical "diseases," both well known in principle but not previously associated with highly-stressed stainless steel plant, were capable of causing catastrophic failure.

The evidence is given in the Flixborough inquiry report, published earlier this week, which attributed the cause of the explosion to the failure of a temporary by-pass that had not been designed to the standards of the plant itself.

But investigators at the Nypro factory found that many of the stainless steel pipes were cracked. A team of metallurgists, including Sir Alan Cottrell, Master of Jesus College, Cambridge, and formerly the Government's chief scientific adviser, found that cracking had been caused by traces of zinc coming into contact with red-hot, highly stressed steel.

A droplet of molten zinc or a whiff of zinc vapour from galvanised ironwork such as a walkway, or from zinc-coated steel wire, can be enough to cause embrittlement. Sir Alan Cottrell and Prof. P. R. Swann of Imperial College, found that locally embrittled stainless steel at red-heat and under the pressures normally present in the Nypro plant could fail within seconds.

A trace of zinc melted from a galvanised surface by a welder's torch during maintenance could be enough to render the steel brittle, according to Flixborough report. "It might leave a piece of pipework in a condition where it could crack during a subsequent fire."

Shippers await indications on Suez Canal charges

WITH THE Suez Canal due to reopen on June 5 after eight years, the shipping world is still waiting for two important announcements before risking its vessels in the waterway.

One is the level of transit dues which the Suez Canal Authority will charge, the other is the premium which the world's insurance industry will impose on ships using the canal.

A fairly high war risk rate on cargoes passing through the canal has already been announced by the Institute of London Underwriters, but the level of premiums on the ships is not yet known.

The only certainty is that they will be high. This was forecast this week in Stockholm by Mr. Havelock Hudson, chairman of Lloyd's. He said marine underwriters of London would be meeting later this month to discuss underwriting rates for Suez passages.

"Considering the thousands of explosives that went into the canal, the fact that the Israelis are only 15 miles away, and that there is no permanent peace in the Middle East, there is the ever-present risk of a catastrophe," he said.

"You can expect a higher rate than the worldwide rate for non-hazardous cargo—much higher," Mr. Hudson added.

The Suez Canal Authority is expected to announce its transit rates on May 25 and it is widely believed that they will prove attractive to many ships and shipowners, compared with the extra cost of using the route round the Cape of Good Hope. The insurance premiums quoted by marine underwriters, however, could be a deciding factor.

More Britons will holiday abroad

By Arthur Sandles

ONE PERSON in every six will take a holiday abroad this year—a considerable increase on 1974 and vastly more than had been expected by the travel industry in such troubled economic times.

The figures, which show that the British have no intention of abandoning their annual holiday, whether at home or abroad, come from the English Tourist Board, which hardly has an interest in boosting foreign figures. Its survey, taken in March this year, shows that 12 per cent. of the population last year thought they would go abroad, and 14 per cent. actually did.

This time the expectation is much higher (16 per cent.) but "the actual figure will probably depend considerably on the stability of the pound internationally."

Beer sales went well in March

By Kenneth Gooding, Industrial Correspondent

BEER SALES were still going well in March, according to Customs and Excise statistics newly released.

The brewers rolled out 2.92m. bulk barrels (288 pints to the barrel) in March, just 3.29 per cent. below the production record in the same month a year ago.

But in March, 1974, three-day working swelled beer consumption to extraordinary levels and output was 11.1 per cent. up on March, 1973.

Demag to expand plant

By Kenneth Gooding, Industrial Correspondent

THE German-owned Demag Materials Handling, which has spent well over £1m. in building up its U.K. manufacturing capacity since 1969, plans to expand its Banbury factory again early next year—whether Britain remains in the European Community or not.

Unigate to sell HQ site

By John Trafford, Property Editor

UNIGATE, the food and dairy products group, is putting up for sale its three-quarter acre headquarters site in Bayswater, London, W.2. The company is asking £1.4m. for the freehold which at present houses a number of old buildings but carries planning permission for a 47,000 square foot office block.

Government aid saves 400 Tri-ang jobs

BY ELINOR GOODMAN

MR. RALPH EHRMANN, chairman of Airfix, met management and unions at the Tri-ang Pedigree factory, Merthyr Tydfil, for the first time yesterday since he started negotiations with the Government for the acquisition of the company 10 days ago. He told the 400 workers that as a result of the Government's aid of up to £3.25m. their jobs were safe.

The "dirty work," he said, had already been done. The Department of Industry pushed the boat out and it was now up to management and unions to work together to make the company into a "viable proposition."

Tri-ang, bought in 1972 by the financier Mr. Devond Alliance for his private portfolio, has a history of heavy losses and changing owners. Originally part of the ill-fated Lines Brothers' empire, it employed more than 1,600 workers until three years ago.

Closure of the plant at Merthyr would have added to the already serious unemployment situation in South Wales, where the planned closure of the nearby Ebbw Vale steelworks and the likely loss of the 4,600 jobs is a major source of concern to the Government.

Under the agreement with the Government the Department of Industry is subscribing for £1m. of redeemable preference shares and a third of the equity as well as granting loan facilities of £1.25m. In addition it is making available a grant of up to £1m. towards possible losses during the reconstruction of the company.

Airfix's acquisition of Tri-ang brings together again two divisions of the Lines Brothers group. In 1971 Airfix bought the Meccano and Dinky divisions from the Receiver. At the same time Mr. John Bentley bought Tri-ang from the Receiver to add to the toy interests of Barclay Securities. But while Airfix managed to turn both Meccano and Dinky into profitable enterprises without significantly reducing employment, Mr. Bentley made some 1,200 workers redundant by closing Tri-ang's factory at Merton, Surrey. Some production from Merton was switched to Merthyr Tydfil, and in 1972 Barclay Securities sold its toy interests to Mr. Alliance.

Consultant jailed for frauds

MR. JAMES KENNETH HOWARTH, 47, consultant, of Cadogan Gardens, Chelsea, was jailed for five years at the Old Bailey last night for trying to trick investors in E. J. Austin International, of Altrincham, Cheshire.

The company, which was led by him into gold-mining ventures in California and other activities, went into liquidation with £1m. liabilities.

Mr. Howarth, at one time chairman of the company, was alleged to have claimed that £10m. a year profit could be made out of the El Sobrante mine. But this fanciful story was untrue, the prosecution said.

He was convicted by the jury after a 10-week trial of 11 counts of fraud, theft of publishing false statements, including conspiring between 1968 and 1970 with Mr. Wayne Lawrence Chambers and other persons unknown to cheat and defraud E. J. Austin International, its shareholders and creditors, of such sums of money as they could be induced to part with by false representations.

The other charges of which he was convicted included an attempt to get a £20,000 overdraft from National and Grindlays Bank, and getting £30,000 from the stockbroking firm, Spence Veitch and Co.

But he was acquitted earlier in the trial of trying to get £1m. from Morgan Grenfell by deception.

£1.5m. loan to help practioners

The General Practice Finance Corporation yesterday made a £1.5m. issue of guaranteed 13 per cent. stock (1985) to the National Debt Commissioners for assisting National Health general practitioners through loans to provide or improve practice premises. It has been fully taken up by the Commissioners.

The issue is at £99 per £100 of stock to yield 13.18 per cent. to redemption. Payments will be £247,500 yesterday, a similar sum on September 15 and £990,000 on November 15 this year.

LONG-RANGE WEATHER FORECAST

Dry and settled in most areas

SPELLS OF DRY, settled weather are likely in most districts during the next 30 days, the Meteorological Office forecast yesterday. Mean temperatures are expected to be above average in Southern and Western Britain but about average in Scotland, and Eastern England.

Rainfall will probably be below average in Scotland, Northern Ireland and Northern parts of England and Wales, but about average elsewhere.

Amoco worried by offshore North Sea oil legislation

BY RAY DAFTER

A STRONGLY-worded warning about Amoco's future involvement in the North Sea oil development programme was made yesterday by Mr. Steve Antoniuk, vice-president of exploration and production for Amoco Europe.

He told a management meeting that the company was particularly concerned about retrospective offshore legislation, which was "contrary to accepted business practice and to the British Common law system.

"We want to remain good partners and friends but it is becoming increasingly difficult for oil companies to continue to work properly in what is increasingly a commercially hostile political environment," Mr. Antoniuk added.

Since 1964 Amoco, a subsidiary of Standard Oil Company (Indiana), had invested £250m. in finding and developing gas and oil discoveries. This spending, together with planned investment, was based on the sanctity of contract terms negotiated in licence agreements. "I find it difficult to accept the idea of making basic and retrospective changes in licence terms for which we contracted over the past decade."

He said that in the past British Governments had made vociferous complaints when similar action by foreign countries affected U.K. commercial interests. "Why is it now to be acceptable for a British administration to do this in its own country?"

Amoco's challenge comes as the Government embarks on negotiations for a 51 per cent. state participation in oil fields. Another move which is concerning the oil industry is the proposed ability of Government to limit the off-take from various fields in order to conserve energy supplies, and, in particular, the way that this will be handled.

● Texaco has confirmed the extension of its promising North Sea discovery to the south of the Brent Field and some 85 miles east of the Shetland Islands.

A well on block 3/4 has produced crude at a rate of 4,578 barrels a day with a gas-oil ratio of 5,760 cubic feet per barrel.

The well, drilled to a depth of 11,020 feet in 446 feet of water, was one mile east of the previous drilling on the block. That well flowed at a rate of 5,223 barrels a day.

Texaco North Sea U.K. is the sole licensee of block 3/4 which is conveniently close to the producing and pipeline system for Brent. The block is about five miles south of where Texaco has already established an extension of the Brent Field into its acreage.

The Norsedrill "Drillmaster" rig, which drilled the new well, is being moved to a new location near the boundary of block 3/9A which adjoins 3/4 to the south.

MINISTERS TO VISIT SCOTTISH AIRPORTS

Mr. Peter Shore, Secretary for Trade, and Mr. Stanley Clinton Davis, Parliamentary Under-Secretary for Companies, Aviation and Shipping, will visit Scottish airports to-day as part of the Government's review of regional airport development.

Mr. Shore will visit Sumburgh airport in the Shetlands and a North Sea oil rig. Mr. Clinton Davis will visit Glasgow, Prestwick and Edinburgh airports.

Ministerial visits have already been made to East Midlands, Manchester, Birmingham, Bristol, Glamorgan and Bournemouth airports.

Problems facing shrinking London

A STEADY decline in London's economic position because of her shrinking population, calls for a major rethink about the problems facing the capital, says Sir Reg Goodwin, leader of the Greater London Council.

His warning follows a GLC forecast that the population of Greater London could drop to between 6,340,000 and 6,540,000 by 1981.

Inner London boroughs are projected to lose population faster than the other boroughs—from 3,030,000 in 1971 to between 2,370,000 and 2,460,000 in 1981.

"These latest figures support the growing body of evidence which points towards the steady deterioration in London's economic position," says Sir Reg.

U.K. HEAD OFFICE FOR UNITED ELECTRIC

United Electric Controls, of Watertown, Massachusetts, is opening a head office for Britain in St. Albans. The company, which provides a wide range of precision temperature and pressure/vacuum controls, also has subsidiaries in Germany, Australia and Canada.

Department of Trade clamps down on Pan Am charters

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. DEPARTMENT of Trade clamped down on Pan American World Airlines yesterday, in its first open action against the airline in the dispute over what commissions Pan Am should pay its travel agents.

The airline said last night it had been told that no applications for charter flights to be performed after May 26 would be accepted. This meant that 42 charters planned for June involving several thousands of U.S. visitors to the U.K., could not take place.

The airline had earlier been told in a letter from the DoT that it did not plan to take any action against it until the end of next week, in order to give time for further talks on the commission's dispute.

That letter made it clear that the DoT accepted Pan Am's decision to abide (albeit under duress) by its earlier directive that the airline must not pay more than ½ per cent. increase in commission on all Pan Am ticket business transacted in the U.K.

But in the letter the Government maintains that it also has the right to dictate levels of commission on tickets sold elsewhere in the world, including the U.S., for Pan Am flights to the U.K.

The U.S. Government rejects the U.K.'s claim and argues that it trespasses upon U.S. sovereignty. A note has been sent from the U.S. Embassy to the DoT, setting out this view but, it is understood, the U.S. does not suggest immediate discussions between the two sides.

The two sides are as far apart as ever, with the U.K. claiming rights under the Anglo-American Air Services Agreement and the U.S. arguing strongly that this is impossible to accept.

The U.K.'s argument is based on Annex 2 of the 1946 Bermuda Agreement on air services between the two countries, setting out rules governing tariffs and other conditions of business by the airlines of the two countries. But this is a complex section of the agreement, open to widely varying legal interpretations.

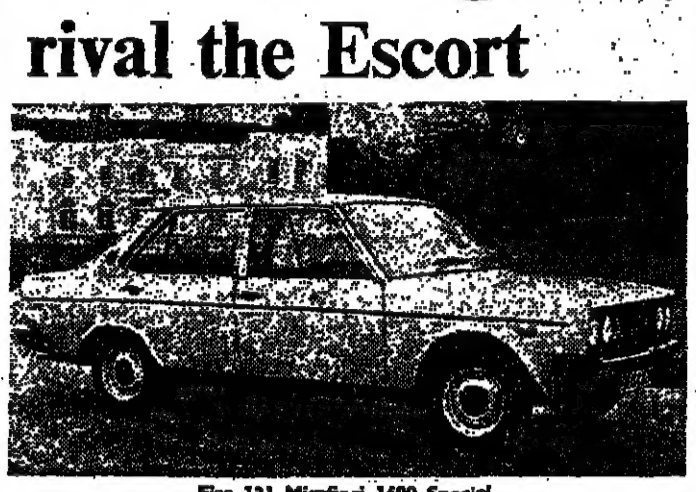
The U.S. travel trade, through Mr. Robert McMullen, the president of the 6,500-strong American Society of Travel Agents (ASTA), has condemned the U.K. attitude, saying that any confrontation would have serious effects on the travel and tourist industry.

The next step appears to be for one side or the other formally to propose a meeting at diplomatic level. One problem is undoubtedly that the current bilateral U.K.-U.S. air agreement requires early and radical amendment.

In the airline industry yesterday one view was that the agreement worked well in practice when there were International Air Transport Association resolutions on commissions (backed by all major airlines) to support it.

The moment that the IATA resolutions on commissions themselves collapsed, as they did at Nice a few weeks ago, the deficiencies in the bilateral air agreement became apparent.

New Fiat range may rival the Escort



Fiat 131 Mirafiori 1600 Special

BY TERRY DODSWORTH

SIX VERSIONS of the new Fiat Mirafiori—codenamed the 131—go on sale in the U.K. to-day. Replacements for the long-serving 124 model, of which more than 4m. have been built, the Mirafiori will be sold with the choice of either 1300 c.c. or 1600 c.c. engines, and in a range of two-door, four-door and estate car versions.

Fiat has adopted a conventional engineering package for the Mirafiori in the belief that this is the most competitive approach in the medium-range family car market.

The car is styled in the "three box" shape used in all of Fiat's medium to large cars, has rear-wheel drive and a mixture of disc brakes at the front, and drums at the rear. Engines are derived from the well tried 132 model.

The Mirafiori—the first Fiat which has carried a name for many years—has a clear family similarity to the 130 and 132 saloons. With a length of 14 feet, and width of 5 feet 4 inches, it has a roomy boot and good interior space.

The car is aimed at a segment of the market traditionally dominated in the U.K. by the Escort, which last month began staging a sales comeback with its new model, after a depressing beginning to the year.

Prices of the Mirafiori range from £1,620 for the two-door 1300 saloon, to £2,080 for the five-door 1600 estates.

● Mercedes has announced a new top-of-the-range addition to its award winning 450 series. Called the 450 SEL 6.9, and featuring a newly developed 6,834 c.c. V8 engine and hydro-pneumatic suspension, it will be available after the autumn round of international motor shows.

Ban on last minute tour surcharges

By Arthur Sandles

TOUR OPERATORS have been told they cannot collect last-minute surcharges from passengers at airports controlled by the British Airports Authority. The authority, worried about congestion at Gatwick in particular, says that some other means of collection will have to be found.

The move is bound to irritate some tour operators as the pound continues to fall in value against some holiday currencies. They will now have to collect the money by post in advance, through travel agents, or in the resorts on arrival.

Not all tour operators are affected. Some of the biggest, such as Thomson, guarantee prices once the final account has been paid two months before departure.

The Authority said yesterday that the ban was because long queues of holidaymakers waiting to pay extra money to travel representatives would cause massive congestion at airport terminals.

Output of man-made fibres below capacity

By Rhys David

MAN-MADE fibre production w[as] still running at less than 75 p[er] cent. of capacity in March, [the] latest figures from the Briti[sh] Man-made Fibres Federation d[is]closed.

Total production during [the] month came to 44.33m. kg. co[m]pared with 62.10m. kg. in Mar[ch] last year. In the first thr[ee] months of this year producti[on] was only 129.12m. kg. again[st] 174.03m. kg. in the first quart[er] of 1974. Last year's figures we[re] affected by the three day we[ek] and the real extent of the decli[ne] is better reflected by a compa[ri]son with the first quarter of 19[73] when 183.47m. kg. we[re] produced.

The latest figures suggest [a] plateau in output has now be[en] reached. Output began to tu[rn] down in November, falling [to] the worst level for many yea[rs] in December, but rising again [in] January. For the past thr[ee] months output has been mai[n]tained at roughly the same lev[el].

The exact fall in the fi[rst] quarter was 25.8 per cent. co[m]pared with the first th[ree] months of 1974. Cellulosic p[ro]duction fell by 29 per cent. a[nd] synthetic by 31 per cent. T[he] fall in cellulosic and synthe[tic] yarns was 16 per cent. and [...] per cent. respectively.

● The latest census of person[s] working in the Yorkshire [...] wool textile industry showed t[hat] during last year there wa[s a] decrease of 10,683.

Easier school exams urged

By Michael Dixon, Education Correspondent

A NEW school examination, a less academic alternative [to] GCE Advanced levels, should [be] introduced throughout Engla[nd] and Wales next year, says [the] Standing Conference of Regio[nal] Examinations Boards in a rep[ort] published to-day.

The examination for the C[er]tificate of Extended Educati[on] has been on trial in seve[ral] schools since 1972. Appl[ied] nationally, it would have fi[ve] grades, with the C being equi[va]lent to a pass in GCE Ordin[ary] levels or class I of the Cer[tifi]cate of Secondary Education.

Candidates would be gra[ded] on how well they did their w[ork] and not—as is the case in G[CE] A levels—on how they placed relatively to other can[di]dates.

Colour television sales show sharp decline

BY ARTHUR SANDLES

COLOUR television sales were in sharp decline even before the Spring Budget. The Budget increased the VAT levels on TV sets from 8 to 25 per cent.

Deliveries to U.K. distributors of British made and imported colour television sets in March were only 139,000—a 26 per cent. fall on the March, 1974, figures, which themselves came at the end of a three-day week winter when consumer confidence was low.

Although there was a considerable rush to buy televisions, domestic appliances and hi-fi sets in the period between the Budget and the end of May, sales have now slumped and already further short time working and redundancies have been introduced, and more are threatened.

Mr. Geoff Dossetter, secretary of the Radio and Television Retailers' Association, said yesterday: "We could end up with a tax strike by the retailers, they are so militant at the moment."

More than 500 of them, owners and managers of stores throughout the country, were in London yesterday for a protest meeting against the new VAT rates. Some shops in the north and Midlands were closed as an added protest.

The March drop in colour television disposals was worse than in earlier months of this year. The first quarter total was 475,000, a fall of 23 per cent. compared with the same period of 1974.

Total monochrome deliveries for March according to figures produced by the British Radio Equipment Manufacturer's Association, show that monochrome television deliveries for March were only 63,000, a fall of 22 per cent. compared with March, 1974. Audio system disposals were down by 10 per cent. to 72,000 and radio deliveries are running 23 per cent. lower in 1974.

'House-purchase subsidies needed for lower-paid'

BY MICHAEL CASSELL

IF THE PRESENT first-year subsidy from rates and taxes on each new council house was available to lower-income families, many thousands would opt to buy rather than rent, according to Mr. Andrew Tait, director-general of the National House Building Council.

He told the Building Societies Association conference in Torquay yesterday that one of the basic mistakes made in attempting to meet the nation's housing need was the idea that the stock of homes should be split equally between private and public sectors.

He continued: "This is not what people need and no knowledgeable person will question that 80 per cent. would prefer to own rather than rent if they could afford it. The policy is based on the fallacious belief that it is cheaper for lower-income families to rent than to buy. This is not true at all."

'Protection for insurance business needed'

BY ERIC SHORT

THE CORPORATION of Insurance Brokers has called on the Government to protect all classes of insurance business using the London market in its Policyholders Protection Bill. Failure to do so, said Mr. Francis Perkins in his residential address yesterday, would place British insurance brokers at an extreme disadvantage when competing for overseas business.

The vast contribution by insurance brokers to this country's overseas business was based solely on the confidence of the overseas companies in the security of contracts offered by the London market, he said. His own company had already encountered uneasiness in overseas clients over the lack of policyholder protection for overseas business.

Talks were due to take place between the CIB and some insurance companies—at first on an unofficial basis—to examine the possibility of providing further production on a voluntary basis outside the proposed Bill.

Fresh moves to break deadlock on seamen's pay

BY JOHN WYLES, LABOUR REPORTER

A FRESH BID to break the deadlock over merchant seamen's pay will be made next week in the wake of a special TUC reminder to the National Union of Seamen of the need to support the social contract's pay guidelines.

The union's negotiating committee has asked for further talks with the employers after hearing a report from Mr. John Slater, the NUS general secretary, of a meeting he had earlier this week with TUC leaders.

At that meeting Mr. Slater outlined to Mr. Len Murray, the TUC general secretary, and other senior TUC leaders, the background to the NUS rejection a fortnight ago of a pay offer which would boost average earnings for foreign-going seamen by 30 per cent. above last year's levels. This offer appears to be above levels justified by the social contract's cost of living guideline.

Mr. Murray, flanked by Mr. Jack Jones of the Transport Workers and Mr. Danny McGarvey of the Boilermakers, urged the NUS to keep the social contract guidelines in mind during its subsequent negotiations. The TUC has held similar meetings over the past few months with other unions whose negotiations have run into difficulties.

Despite the TUC pressure the NUS negotiating committee will press for a higher offer next week. If the talks break down, an early meeting of the NUS executive is likely and the possibility of industrial action could not then be ruled out, said Mr. Slater yesterday.

The employers' response may well depend on how willing the union appears to compromise on its claim for £40 for 40 hours—a demand which if met would add 81 per cent. to the industry's wage bill.

Some left-wing militants on the negotiating committee are ready to recommend a repeat of the 1966 national strike in support of the claim while others argue that a threat of action will prompt a better offer from the employers.

According to the employers their current offer would establish new average earnings of £70.35 a week for a foreign-going rating. After consolidating existing thresholds, the offer would yield £11.10 a week "new money," a rise on current earnings of 16.5 per cent.

Post denied to former Communist

By Our Labour Staff

MR. BERNARD PANTER, former Communist Party parliamentary candidate and from 1969 to 71 a member of the Party's national executive, will not now become South West secretary of the Electrical Power Engineers' Association.

The former Manchester district secretary of the Amalgamated Union of Engineering Workers was to have taken up his new post on May 26 claiming to have quit the Communist Party.

But yesterday a statement from the EPEA—a union which bans Communists from holding office—said: "Mr. John Lyons, general secretary, is not proceeding with the appointment of Mr. Panter."

Mr. Panter said yesterday: "I am no longer a member of the Communist Party and my decision to quit was not influenced by the offer of the EPEA post. "But that is not to say I have become an anti-Communist."

Mr. Panter is a candidate in the AUEW poll for a national organiser, but if he tops the polls when the result is announced on Tuesday he is likely to be ruled out.

Steel unions nearing direct clash with BSC on closures

BY OUR SHEFFIELD CORRESPONDENT

TRADE UNION officials from British Steel Corporation plants throughout the country are heading for a direct confrontation with BSC over its works closure and redundancy plans.

At a special conference in Sheffield yesterday they drew up alternative proposals, amounting to a total rejection of the BSC plans, for their leaders to present to the Corporation when they meet on Monday.

After the conference—arranged by the National Craftmen's Coordinating Committee, representing about 35,000 BSC maintenance workers—Mr. John Boyd, convenor of the committee, said: "We are up against the barricades on this."

About 200 delegates, plus representatives from the Transport and General Workers' Union and the General and Municipal Workers' Union, endorsed an uncompromising solution aimed at avoiding the 20,000 cut in the work force in the next year proposed by BSC.

They reaffirmed their opposition to any redundancies without suitable alternative work, but said they would accept voluntary early retirement if full pension rights applied.

They also reiterated that efficient plants should share their order books with the high-cost works.

One point on which BSC will fully agree is the union proposal for development of a stock bank. The Corporation has pressed the Government for some time to allow this.

If no agreement is reached on Monday, the resolution said, another union conference should be convened, when some form of ultimatum to BSC might be the outcome.

After the meeting Mr. Boyd, whose election as general secretary of the Amalgamated Union of Engineering Workers engineering section is expected to be announced next week, said: the "confrontation" with BSC was a "do-or-die affair."

● Delegates from all BSC plants threatened with redundancies or the threat of closure will meet in Cardiff to-day to discuss proposals for an unofficial blockade of ports and "flying pickets" to paralyse the steel industry.

'Unions kill socialism'

BY OUR LABOUR STAFF

A SCATHING attack on the trade union movement for "killing socialism in Britain" has come from Mr. Paul Johnson, former editor of the socialist weekly the New Statesman.

Writing in to-day's edition, Mr. Johnson accuses the movement of steadily and ruthlessly increasing its power in recent years until it has finally become the arbiter of the British economy. He described as "gangsters" unions who used "their collective power to raise their incomes, regardless of the needs and interests of the rest."

Dismissing the idea of a Left-wing conspiracy, he claimed that the movement as a whole was dominated by "the complacent, the conservative, the unimaginative, the lazy-minded, men soaked in old prejudices and habits of mind, Bourbons to the core, forgetting nothing, learning nothing, negative, obstructive, slow, dull, long-winded, unadventurous, immensely pleased with themselves and quite determined to resist planned change of any kind."

The present Government, he thought, would continue to surrender to the unions "until it finally disintegrates, leaving any dirty work to its successor." It was time we abandoned gangsterism and started looking for a socialist solution, he concluded.

EXPANSION AT BELRIVE

Belrive Fashions is to extend its ladies' clothing factory at Rothbury, Northumberland, by 2,450 square feet. The expansion will create 15 new jobs.

IN BRIEF

Textile pay rise

About 30,000 workers in the dyeing and finishing industry are to receive a £4.50-a-week rise from May 19 with a further £2 a week in November under a pay deal negotiated between the British Textile Employers' Council and the National Union of Dyers, Bleachers and Textile Workers.

Ford strike talks

The protracted strike of 80 door-hangers and fenderfitters at Ford Dagenham, which has made more than 5,000 idle and has lost the company about 7,000 cars worth £13.5m. so far, is expected to be discussed to-day

NGA to vote

Provincial NGA members are being balloted with a recommendation to reject the employers' pay offer. They are to continue imposing sanctions—a decision described as "irrational and pointless" by employers.

Telegraph back

London editions of the Daily Telegraph are expected to appear again to-day for the first time since Monday following yesterday's return by 82 NGA members who have been in dispute over pay.

● NEWS ANALYSIS—CHRYSLER

No 'give way' sign ahead

BY TERRY DODSWORTH

WHATEVER THE world may think, in Stoke, Coventry, they regard Bob Morris as a moderate. Mr. Morris, a Transport and General Workers' Union convener at the Chrysler engine plant, has emerged as an eloquent strike-leader in the dispute which many see as an outstanding manifestation of the car industry's thoughtless militancy. But yesterday some 2,000 men voted almost unanimously to back him and his shop stewards committee.

On the face of it, given Chrysler's known financial troubles—losses in the U.S. and in France, £17.8m. loss in the U.K. last year, plus slumping sales—a dispute now invites disaster. So why should there be such fierce support for the shop stewards committee?

The men answer this question in two ways. First, they are not, they say, getting a "living wage," and they would rather be on the dole than continue working at the present rates of just over £50 a week.

Secondly, there is almost universal disbelief that Chrysler, a major multi-national concern, cannot afford the bill. "We are not going to be used by a multinational company as cheap labour, and the poor relations in our district," Mr. Morris said yesterday, to cheers which echoed round the open-air meeting.

Behind their wages argument, the men seem to have two main fears. In the short term, they say, the management has been deliberately delaying talks on a new agreement. This should begin on July 1, and there is a general acceptance that a normal time to begin talks is some three to four months before. The strike is therefore a mechanism to force Chrysler to put an offer on the table.

But in the longer term there is deep-seated fear that Chrysler is slipping behind the rest of Coventry wages, and that the car industry can no longer support a wage-earning aristocracy. Whatever the truth of the case, a number of men in Coventry told me yesterday that they used to be second in the local pay league; now, they said, they were 18th, with earnings well behind Jaguar's £60 a week plus.

Measured day work, the payments system introduced to the car industry to stop the wages drift inherent in the old piece-work system, is seen as one of the villains of the piece in reducing car workers from their former princely position in the wages league. "In 1952, when I was 15 years old, I was earning £37 a week. That was the car trade then. Our job is going downhill," one man told me.

Some men claim that measured day work has encouraged idleness by reducing incentives (a point taken up in the Ryder report on British Leyland); and because of the equalisation of wages inherent in the system, there is a feeling that skill has been taken out of jobs. "Anyone can walk on the shop floor."

On the financial side, the fact that Chrysler has a reputation for caving in to demands is seen as evidence that it will do so again. Many of the men are unwilling to believe that the company makes such large losses as it declares.

There is much talk of profits from the large Iranian export deal being paid in oil to Chrysler in the U.S., and of other overseas earnings being channelled through international holding companies overseas.

Surprisingly, British Leyland's massive support from the Government, which inevitably puts competitors in a more difficult position, does not appear to be a significant issue. If there is any suspicion that the strike was engineered to force the Government's hand while it is still in a mood to hand out money, it does not appear to have got through to the shop floor.

Many of the men believe that Chrysler has invested so much in the U.K. that it cannot afford to pull out. "Workers have a right to work in this country, whether it is for a national firm or an international firm. If Chrysler comes out, we would think it right to be still employed in this country," said a shop steward.

As to employee participation and profit-sharing, that, like the suggested new model of tooling work for America, is regarded with heavy scepticism in Coventry. The men confirm outside impressions that these decisions have all been rushed forward. There is, for example, considerable resentment that the profit-sharing scheme was presented, with no apparent prior warning, so that it has become mixed in with the wages question.

"A new model," said one man, "would take at least two years to produce. Unless," he added sardonically, "Chrysler has invented some wonderful new method of getting them on to the shop floor in three months."

Meanwhile, the men appear to be digging in for a prolonged battle. Yesterday I could discover only one lone voice against this strike. "Chrysler," the man, an ex-textile worker told me, "is the best company I have ever worked for."

Miners warned on wage claim

BY OUR LABOUR STAFF

A WARNING to the miners to be very careful about the size of their next pay claim because of its impact on wage rates in other industries was given yesterday by Mr. Alex Eadie, Parliamentary Under-Secretary at the Department of Energy.

Mr. Eadie, an ex-miner, was talking to a regional conference of miners in Blackpool about the social contract, but obviously he was looking ahead to the NUM annual conference in July when the union's next wage claim will be framed.

The Yorkshire miners have on the agenda a resolution aiming to raise the basic rate for coal face workers to £100 a week and there are two more moderate resolutions that do not name a target figure.

No doubt Mr. Eadie was also remembering the disastrous repercussions that the last miners' setlement has had on the social contract during the past few months.

"What you decide at your annual conference will have an important effect on the climate for the whole of the coming round of wage negotiations," the Minister said.

"You therefore bear a burden which you have no wish to bear. You can choose to throw off this burden as if the outcome would have no ramifications outside of the industry, but I do not think you will want to take that course.

"I think you will recognise the wider issues of next year's pay negotiations—issues which could have an effect on the industry itself as well as on the future of the social contract," he said.

● Mr. Lawrence Daly, NUM General Secretary, lecturing to students in London yesterday said that if conference decided to put in for a basic rate of £100 for a face worker, he would argue that it was not inconsistent with the social contract.

"I will argue that this is necessary if you are going to get the coal that the British are going to need in coming years," he added.

Hotel pay below £30 minimum

By Our Labour Staff

SEVEN OUT of ten men, and nine out of ten women in the hotel and catering industry are paid less than £30 a week—the target minimum set by the Trades Union Congress—according to a study by the low pay unit released yesterday.

Statutory minimum rates in the industry tend to be lower than the union target, but even these rates are being undercut, the unit found. It estimated that last year, about 130,000 of the industry's 1.2m. workers were paid less than the minimum to which they were entitled.

The industry's wages councils are discussing the introduction of new minimum rates, but a meeting yesterday was adjourned without agreement.

The Property Market

BY JOHN TRAFFORD

Abbey Life plans its move to Hampshire

EVENTS HAVE conspired this week to mask the news of one of the most interesting relocation moves yet undertaken. Abbey Life Assurance is to move its headquarters from Watling House in the City to Holdenhurst Road in Bournemouth, focal point of the district council's designated office area.

As is inevitable with one of the country's largest life insurance companies, the move is a big one, involving the transfer of some 800 jobs from London to Bournemouth. But easily the most interesting aspect is the fact that the 87,000 square foot, nine-storey office block into which the company will move is owned by the Abbey Property Bond Fund.

For the general fund to buy a property from its Property Fund obviously raised every sort of difficulty and suspicion.

Abbey decided on a two-tier approach. It asked the RICS to appoint valuers on its behalf. The RICS named Gooch and Wagstaff who then had to value the property as if completed (building work will not be finished for another six months) and then deduct the estimated cost of the outstanding work. Gooch and Wagstaff placed a "finished" value of £3.95m. on the building and suggested that the value on transfer at its current state of completion should be around £3m.

Abbey had decided before the valuation work to take as the value for transfer the higher of two figures, one from Gooch and Wagstaff, the other from the Property Fund's own valuers, Richard Ellis. In the event the Gooch and Wagstaff figure came out marginally ahead.

The deal gives the Property Fund two sources of useful profit. First, there is a profit of just under £500,000 from the development work — something which many developers could not show on schemes begun at about the same time as this Bournemouth office. Second, the Property Fund has gained about £120,000 from the higher value placed on the property by Gooch and Wagstaff compared with that shown in its books on the advice of Richard Ellis.

For the time being at least, Holdenhurst Road is a secondary location unable to command prime office yields of around 7 per cent. If one takes a possible yield of 8 per cent. as reasonable for the deal, this works back to a rental figure of £3.60 a square foot after allowing for income from a petrol filling station incorporated in the building. This seems high for Bournemouth but then the building is a high-specification job with all mod. cons. including air conditioning.

Abbey is the second insurance company to relocate in Bournemouth this year. In January, Gresham Life decided to move 130 jobs to the Westbourne area of the town. The Abbey move will be much the more significant not only on account of the company's size but also because it helps to underpin the District Council's plans for the Holdenhurst Road area.

The Council has put a virtual stop on new offices in the town centre (the fact that Nation Life had a scheme for the town centre reminds one, however, that councils are not the only factor that can hold up new schemes). Its hope is that the Holdenhurst Road area will become the focal point for new offices and so eventually turn into a prime location.

Already Whitbread Trafalgar's 40,000-square-foot office development in Holdenhurst Road is nearing completion while Guardian Royal Exchange has assembled a site next to the Abbey headquarters which could one day house an overspill office for Abbey. Meanwhile the Council have appointed Taylor Woodrow to do some site assembly work over the central station and surrounding area.

By mid-1976, when Abbey begins its move, it should be clear whether Holdenhurst Road is going to take off as an important centre for office relocations. Bournemouth has an image for prosperous retirement; maybe it should also become the city for life assurance.

How Cardiff lost a planning gain

IN property folklore, a planning gain is something that a local authority (which is on the side of the people) squeezes out of a rich and greedy developer (who is interested in building rubbish and a handsome profit).

Real life, as readers will know, tells a different tale. For the past two years, Centros Investments, the Commercial Union Property subsidiary, has been seeking permission from Cardiff City Council to build an office block in 1-3 City Road. Early on in the project's life David Seligman, chairman of the council's planning committee asked Centros to offer a planning gain for incorporation in the plans. Centros met the local ward councillors and found that the two amenities most in demand were a nursery school and an old people's day centre.

Duly, Centros came back with proposals incorporating both amenities on the ground floor of the block and asked the committee to agree to raise the height of the block from eight to ten storeys. This, in effect, gave the developer an additional 1½ floors, the "price" which he reckoned would offset the cost of providing the community amenities free. Total cost of the development was estimated at £2m.

A public meeting gave a welcome to the plans which involved building the block between two existing office blocks, one 13 and one 11 storeys high. All seemed set fair until April 30 when the council met. By an alliance of some Labour councillors with the Tory opposition, the proposal was rejected.

To John Wheeler, managing director of Centros, this was the end of the line. He threw in his hand and withdrew the plan which had taken two years and eight meetings of the planning committee or the full City Council to hammer out.

He remains baffled by the reaction which, he feels, offered something for everyone. Councillor Ron Watkiss, leader of the Tories on the council and an opponent of the scheme, saw it rather differently. It would be out of accord with the area, he said. It would also affect daylight to the premises next door and was a small carrot for a big reward.

The idea that policies which benefit nearly everyone cannot be right is dyed deep into the British subsconscious. But like the out-worn economic policies of successive Governments, it represents an attitude of mind that could and should be scrapped.

Bilton teams up with Bromley

DEVELOPMENT is not dead; neither is co-operation between local authorities and developers.

Percy Bilton is teaming up with Bromley Council for a £2.2m. scheme to develop an industrial estate on a 10-acre prime site at Penge, in Kent. Most of the site, at Oakfield Road, is surplus railway land although there are some sitting tenants. Bilton is paying the Council a premium, believed to be a little under £500,000, for a 125-year leasehold on the site and the Council is using these funds to acquire the freehold.

Under the terms of the deal, the council gets a percentage of the rental income which, with standard three-year reviews, should have some chance of keeping pace with inflation. Of the 172,000 square feet of space planned, Bilton has already pre-let 70,000 square feet and has terms almost agreed on a further 60,000 square feet.

Apart from the land, the total cost of the development is likely to be around £1.7m. Most of the space will be taken by local firms whose existing premises are in areas designated for clearance by Bromley Council.

Bilton is providing all the financial and technical resources for managing the project while the council retains ownership of the land and participates in its development value. Good Community Land Bill thinking, in fact.

While there is nothing new in this—Bilton itself has been involved in partnership schemes with local authorities for 12 years—it is good to see a new development being started. The last two schemes of this kind by Bilton, one in Hillingdon and one in Leicester, were begun 18 months or two years ago.

Cleveland House jumble sale

MARK two dates in your diary: June 24 and July 4. By the first you must have submitted your bid for Cleveland House, Trafalgar House's 50,500 square foot office block in St. James's Square in the West End of London. By the second, we should know the identity of the successful bidder.

Chestertons, as agents for the sale, have just issued a brochure on the property, which is on a 141 year lease from the Prudential at an initial rent of £150,000 a year with upward reviews in 1989 and over 21 years thereafter.

If there is an acceptable bid, it should act as a benchmark for current West End rent levels for modern (built 1967) air-conditioned offices and also help to form a view on the market for reversions.

For Cleveland House is a tremendous jumble of sub-leases. Hill Samuel, as befits bankers, have the basement, ground and first floor on a 21-year lease to 1989. Babcock and Wilcox have two floors on five-year leases, one expiring in 1976 and one in 1978. The Greek company Colouthros Chartering which has the fourth floor also has a lease to 1978. RTZ has the top two floors, one on a five-year lease to 1978 and the other on a seven-year lease due for review this month.

The nearest to market rents are two floors, one let to Babcock and the other to Colouthros, which were let at £9 a square foot early in 1973.

Cautionary tale

MICHAEL WAND of Commercial Union Properties has produced 15 cautionary tales spelling out with chilling effect some of the likely results of the Community Land Bill. Here is one.

A thriving Midlands engineering company could not get the IDC it needed to extend its factory and decided after a three-year battle with the local and London planners to move to a Welsh Development Area where it had found a suitable site. It raised the cash from its bank on the security of its old building (which it had bought with some spare land) and built its new factory in the Development Area, completing the building in 1976.

Just before the old premises were offered for sale, the Local Authority introduced a Disposal Notification Order. The old property immediately became unsaleable, the bank pressed for repayment and the company asked the Authority to acquire its interest. This it did more than a year later at Current Use Value, the extra costs, loss of site value and financial charges crippling the company.

Exporting the QS

THERE ARE somethings that we can teach the Americans about business practice. Next month two Tyneside quantity surveyors and a young architect are off to spend a fortnight in California preaching the advantages of tendering for construction work on the basis of a bill of quantities prepared by —, quantity surveyors.

The team will be meeting developers, building contractors, site managers and anyone who has shown an interest. The American system normally involves competitive bidding for a package deal. Bidders can be tempted to cut their bid price by reducing specification standards. "This," says George Hall, founder of his own firm and one of the two quantity surveyors, "is the wrong place to cut costs." The other QS is his partner Roy Irving and the architect is Chris Baglee.

OUT AND ABOUT

● In a major investment deal, Sun Life Assurance has bought Amalgamated Investment's newly completed and let office development at 81/88 Turnmill Street in London, for more than £3m. Included in the transaction is an extension to the main building known as 76/80 Turnmill Street which is let to the same tenants and should be completed early next year. Together, the two buildings have a net area of 37,000 square feet.

Barrington Laurance acted for AIP; Sun Life was represented by Graves, Son and Pilcher.

● Associated Dairies has taken a lease from Coatbridge Town Council on a large site in the town centre where it will build an Asda Superstore of 68,000 square feet. The company will also build a town centre car park for 480 cars. Estimated costs will be £1.75m. of which £300,000 will be spent on the car park. Work should start next month and the store should be trading by June, 1976.

● A 16,700 square feet store in Hertford Street, Coventry, owned by Holbrooks the furnishers, has been let to Habitat at close to the asking rental of £37,500. A premium of more than £10,000 was paid for fixtures and fittings. Goddard and Smith acted for Holbrooks while Habitat were advised by Edward Erdman.

INDUSTRIAL & BUSINESS PROPERTY

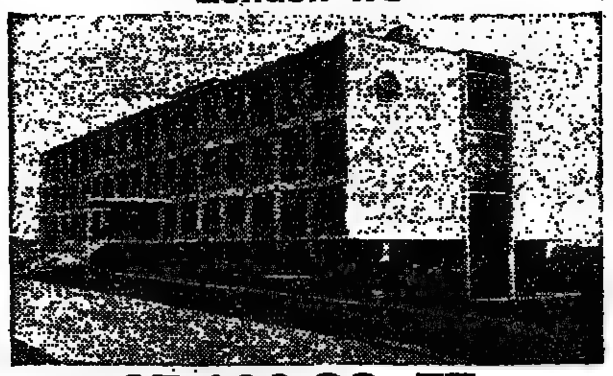
مكتبة الأصيل

OUTSTANDING

Chemical & Bacteriological

LABORATORY

Western Avenue
London W3



37,100 SQ. FT.
TO LET

Henry Butcher & Co

59/62, HIGH HOLBORN, LONDON WC1V 6EG
Tel: 01-405 8411

Bath

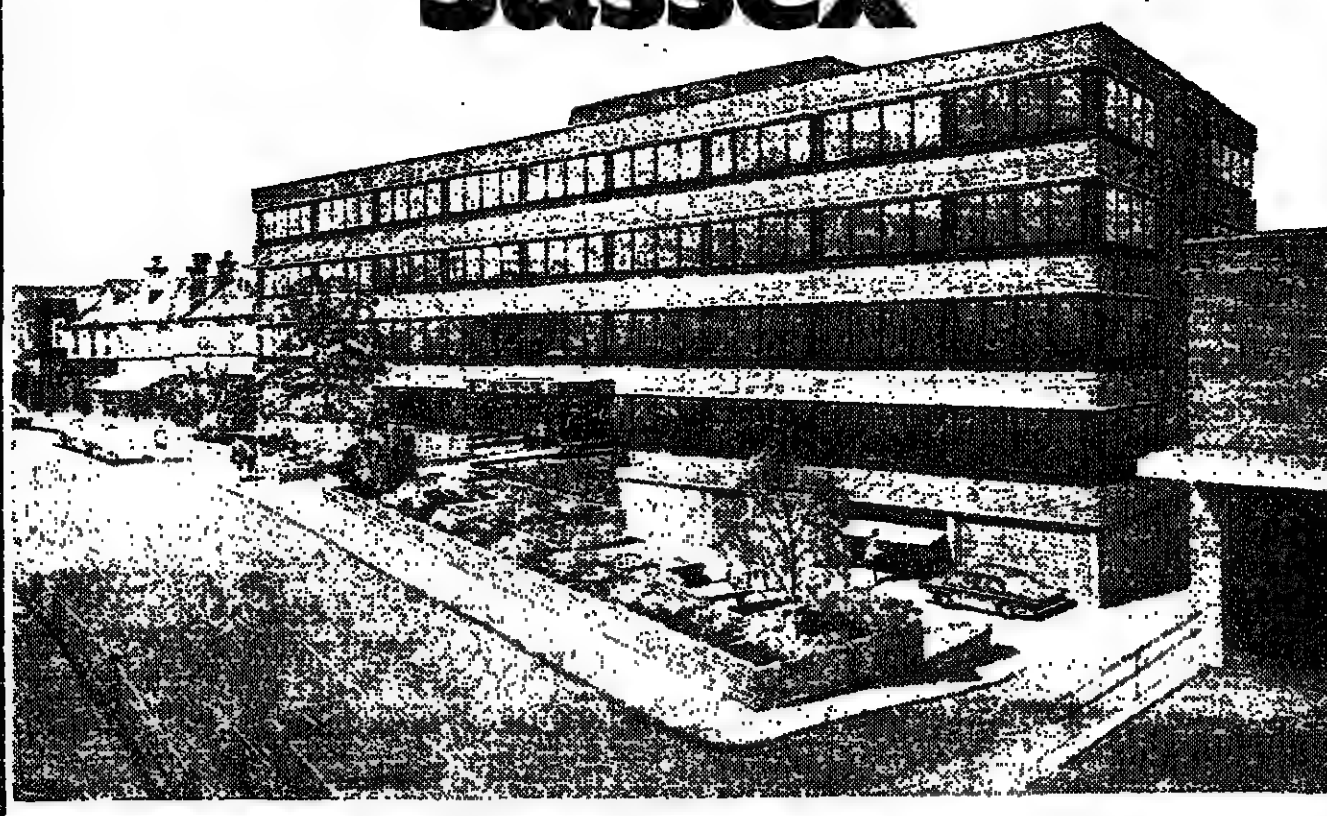
25 Queen Square
4,280 sq.ft.
Prestige Offices
To Be Let

For full details apply:

JONES LANG WOOTTON
Chartered Surveyors
103 Mount Street, London W1Y 6AS
Tel: 01-493 6040
Telex: 23858.
Ref: BRF

Prestige Office Building

Haywards Heath Sussex



Approx **30,000** Sq.ft.

*Two high speed passenger lifts *Air conditioning
*Imposing entrance hall *Ample toilet accommodation
*Car parking for 104 cars

Apply sole letting agents·

PEPPER ANGLISS & YARWOOD
Chartered Surveyors
6 Carlos Place London W1Y 6LL Telephone 01-499 6066

BIRSTALL

NR. LEEDS

WAREHOUSE/INDUSTRIAL SITE

APPROX. 20 ACRES
With Planning Consent

FREEHOLD FOR SALE

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Hillier Parker May & Rowden
77, Grosvenor Street, London W1A 2BT
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Per £6·25 sq. ft.

Mayfair

No Premium

MODERN OFFICES
approx. 2,500 sq. ft.

Fully carpeted and partitioned, with central heating and passenger lift

TO LET
might divide

HB Healey & Baker
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ASSOCIATED OFFICES JERSEY, PARIS, BRUSSELS & AMSTERDAM

TRENTHAM STOKE-ON-TRENT

OUTSTANDING AND IMPORTANT
RESIDENTIAL BUILDING ESTATE
APPROXIMATELY

71½ acres

Situated at Ash Green, Trentham, in a good class residential locality where considerable very successful development has taken place during recent years. This is undoubtedly one of the finest residential Building Estates to come into the market in North Staffordshire for a number of years. Readily accessible Stoke-on-Trent 4 miles and M.6 Motorway ¾ mile. Freehold and sold with benefit of outline planning permission. Full Vacant Possession.

FOR SALE BY TENDER
(Closing date 10th July, 1975)

All details from the Sole Agents:

LOUIS TAYLOR & SONS
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Offices: Percy Street, Hanley, Stoke-on-Trent. (Tel: 0782 22373)
Vendors Solicitors: Messrs. Clayton & Co.,
22 Rothesay Road, LUTON, LU1 1PT. (Tel: 0582 24501)

Accommodation to Let at Shepperton Studio Centre

OF SPECIAL INTEREST TO FILM ASSOCIATED ENTERTAINMENT TRADES

Ideally situated close to M.3., M.4. and Heathrow. The City of London within 1 hour but enjoy the real benefits of decentralisation.

All film and associated service companies, producers, directors, etc., can rent stages, workshops, stores, cutting rooms and post production facilities on long- or short-term leases. There is a full time maangement staff to look after tenants and provide central services, so " Get where the action is " !

If you have need—we have the space. Full details plus further information phone or write:

The Estate Manager.
Shepperton Studio Centre,
Littleton Park,
Squires Bridge Road,
Shepperton, Middx. TW17 0QD.
Tel: Chertsey 60298.

Bristol's Temple Way Office Development

THE LUXURY OF LONDON AT A FRACTION OF THE RENT

This attractive office development will be one of the City's finest, with approximately 78,850 sq.ft. of accommodation.

Located on the Inner Circuit Road with first class access to Bristol's excellent motorway communications. Temple Meads Station, the City Centre and the Broadmead shopping precinct are also within easy reach.

Specification includes full carpeting, suspended ceilings, automatic entrance doors, bronze tinted windows and four express lifts. Basement parking will be provided for 42 cars.

For all further details, contact the Bristol office of Lalonde Bros & Parham, 64 Queen's Road, Bristol BS8 1RH. Tel. 0272 27781.

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A development by The Scottish Life Assurance Company.

Hallam St., London W.1.

(Close BBC)

3640 sq ft
modernised carpeted and equipped with telephones

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Chartered Surveyors

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TELEPHONE 01-623 1351

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George King & Partners
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Hillgate House

Old Bailey EC4

1,650 sq ft
Fully fitted
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Telephone 01-6001797

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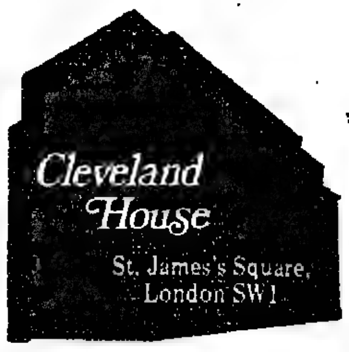
NORTHAMPTON	CRICKLEWOOD	CHINGFORD	ROMFORD	SWISS COTTAGE	BARKINGSIDE	BRIGHTON	EAST GRINSTEAD
55/57 ABINGTON STREET	160/2 BROADWAY	30, 2 OLD CHURCH ROAD	54 COLLIER ROW ROAD	4 HARBEN PARADE	145 HIGH STREET	23-24 ST JAMES STREET	37-39 LONDON ROAD
FRONTAGE APPROX 55 ft	FRONTAGE APPROX 36 ft 6 ins	FRONTAGE APPROX 38 ft 6 ins	FRONTAGE APPROX 22 ft 6 ins	FRONTAGE APPROX 45 ft 9 ins	FRONTAGE APPROX 20 ft 9 ins	FRONTAGE APPROX 27 ft 3 ins	FRONTAGE APPROX [illegible]
DEPTH APPROX 126 ft	DEPTH APPROX 98 ft	DEPTH APPROX 90 ft	DEPTH APPROX 114 ft	DEPTH APPROX 111 ft	DEPTH APPROX 96 ft 6 ins	DEPTH APPROX 95 ft 5 ins	DEPTH APPROX 109 ft
Joint Agents Edward Erdman & Co., 6 Grosvenor St., W1X 0AD 01-629 8191 Bernard Thorpe & Partners, 1 Buckingham Palace Rd., SW1W 0QD 01-834 6890							
TO LET	TO LET	TO LET	TO LET	TO LET	TO LET	TO LET	TO LET
Ref LSC	Ref SAS	Ref JCS	Ref JCS	Ref SAS	Ref JCS	Ref [illegible]	Ref [illegible]

SALE OF ANY OF THESE PROPERTIES ALSO CONSIDERED

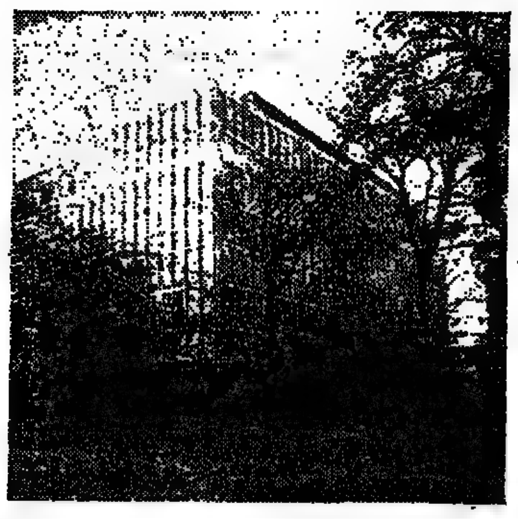
Healey & Baker
Established 1820 in London
29 St. George Street, Hanover Square, London W1A 3BG 01-629 9292
ASSOCIATED OFFICES JERSEY PARIS BRUSSELS & AMSTERDAM

By Order of
Trafalgar House
Investments Limited



FOR SALE BY TENDER
Long Leasehold Office Investment Fully Let To "Blue Chip" Covenants

A prominent, modern office building occupying an unsurpassed West End location overlooking St. James's Square.



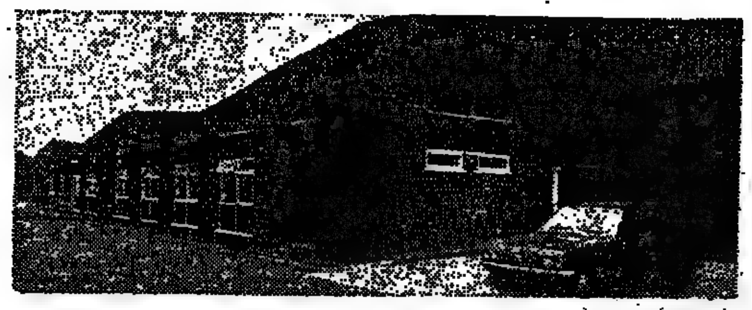
Closing Date for Tenders:
12 NOON on TUESDAY 24th JUNE 1975

For full details apply:
Chestertons
75 Grosvenor Street London W1X 0JB
Telephone 01-499 0404 Telex 8812796

A Norwest Hayward Development

Erdington Industrial Park Birmingham

M6 Motorway ¼ mile (junction 5)



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Fleet Street 236 sq. ft.
Fleet Street 435 sq. ft.
Fleet Street 475 sq. ft.
Fleet Street 742 sq. ft.
Fleet Street 857 sq. ft.
Fleet Street 1,115 sq. ft.
Fleet Street 1,395 sq. ft.
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Crane Court 2,558 sq. ft.
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WC1
High Holborn 1,510 sq. ft.–3,140 sq. ft.
High Holborn 7,618 sq. ft.–27,589 sq. ft.

WC2
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10,000-80,000 sq. ft. WAREHOUSE OR FACTORY UNITS
Available from 10,000 sq. ft. • single storey
eaves 21 ft. • clear space

★**10,000 sq. ft. FACTORIES**
Single storey • immediate possession
RENT-FREE PERIOD AVAILABLE

★**8,250-16,500 sq. ft. FACTORIES**
Ground floor and upper floor units
Two-ton goods lift
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★**ADVANTAGEOUS RENTAL TERMS**

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Retail–**7,000** Sq ft approx
Residential–**6,000** Sq ft approx
Suitable for department store trade centre or headquarter building
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Office area 3,720 sq.ft.
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Total area 6,920 sq.ft.

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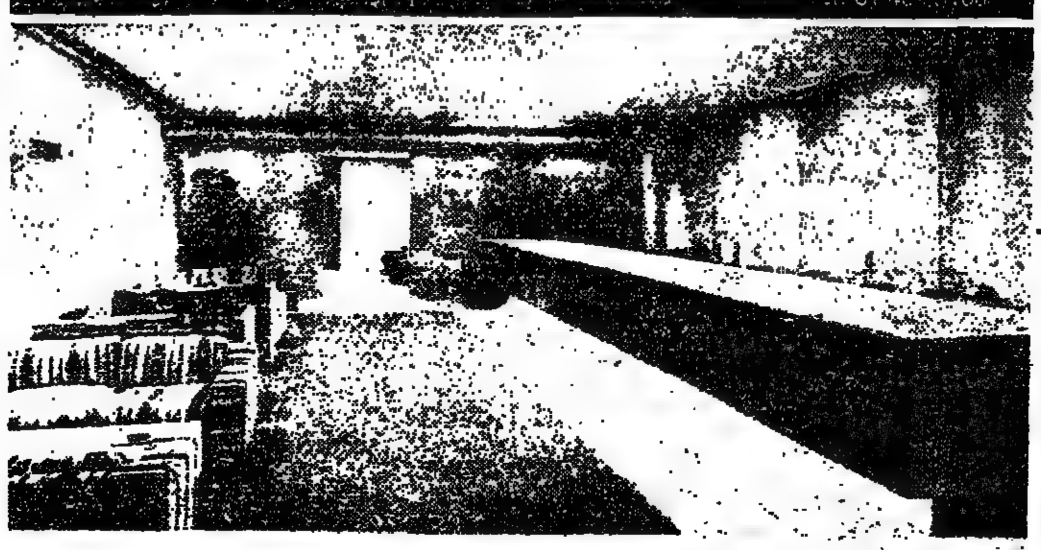

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Less than 20 minutes from Central London by train
New building • All amenities
6,200 or 3,100 sq ft

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Opposite Piccadilly Circus Station. Entire upper part.
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Modern building: 1st floor, lift, electric heating, car parking.
Lease until 1984 without rent reviews.
Realistic premium required.

VICTORIA STREET 13,900 sq. ft.
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Byard Lane,
Bridlesmith Gate,
Nottingham.
Telephone 0602 54272

By the order of R. A. Haigh Esq.
Receiver and Manager

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MODERN SINGLE STOREY BUILDINGS
FLOOR SPACE 24,000 sq. ft.
VACANT POSSESSION UPON COMPLETION
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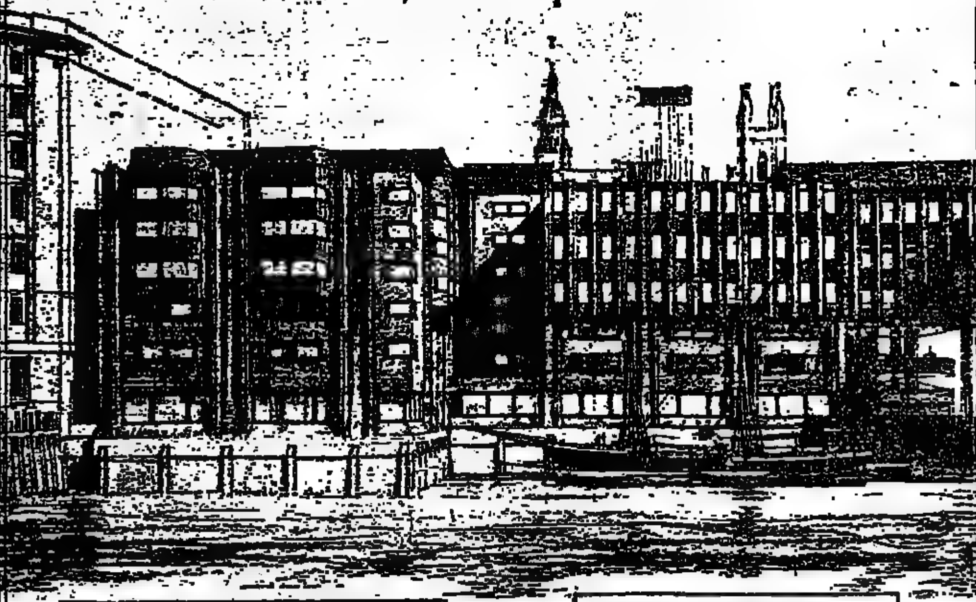
52,850 sq.ft.

TO LET AS A WHOLE OR IN SUITES OF UP TO 8,000 sq.ft.



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- OFFICES 17,000 SQ. FT. APPROX.
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100,000 Sq.ft. 4·57 Acres

All services including central heating & sprinkler system.

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comprising

Ground floor shop and 23 flats on five floors (including 3 penthouses). This block is approximately 1 year old and is situate on the sea front of Torbay. The shop is on a 21-year lease with reviews every 7 years.

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MODERN INDUSTRIAL PREMISES

27,000 - 140,000 sq. ft.

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Only £1.10 per sq. ft.

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GOOD PARKING.

Apply

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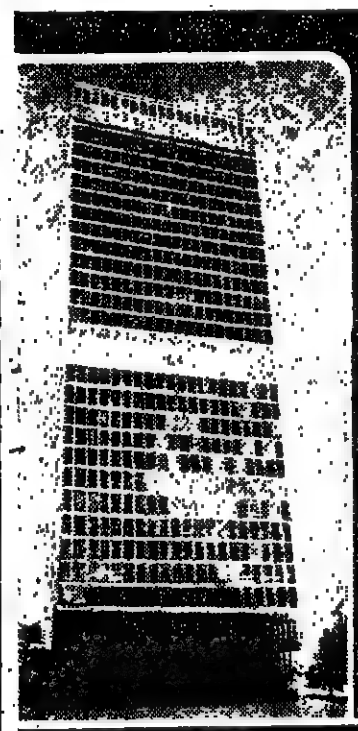

Commercial Union Building

St. Helen's, 1 Undershaft, EC3

Part Fourth Floor Approx 5,400 sq.ft Offices

To Let

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Richard Ellis

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13,700 sq.ft. prestige office accommodation to let.

Located in the heart of the professional and commercial area and on the fringe of the central shopping precincts.

This elegant Georgian building has been carefully extended and renovated to provide excellent office accommodation with full central heating, carpeting throughout, passenger lift, telephone exchange and executive car parking.

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Telephone 021-454 4401

Locke & England
Commercial Department
1 Manor Terrace, Friars Road Coventry, CV1 2NU.
Telephone 0203-26011

MO & P
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OFFICES: 6,500 SQ. FT.

TO LET OR FOR SALE

This carefully refurbished, centrally heated office building in Tooting High St. comprises 6,500 sq. ft. on 3 floors and includes a single bed flat on the ground floor. The development is offered to let or for sale. On the A24, 3 miles from the South Circular Rd. and close to Tooting Broadway Underground, the premises are well placed for access to Central London and the South. Completion July 1975.

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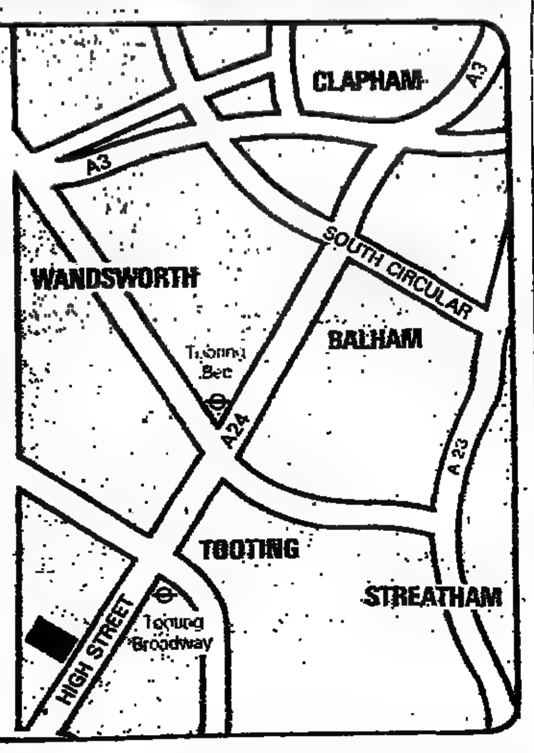
Tel: 01-493 2020

Bernard Thorpe & Partners,
1 Buckingham Palace Road,
London SW1W 0QD. Tel: 01-834 6890

dc a DAVID CHARLES development



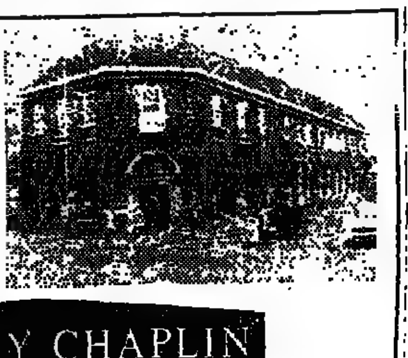
ROMFORD
131 South Street

TOWN CENTRE
OFFICES & SHOWROOMS

8,200 sq. ft.

To be Let on Lease

Sole Agents



HILBERY CHAPLIN & CO.

Commercial Dept.
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Unit of 14,750 sq. ft.—24 ft. height —including heating. Rental £15,000 per annum or freehold £145,000.

Further land with units of 3,000 and 5,000 sq. ft. in course of construction.

Other industrial developments at Brackley, Northants; Grantham and Stamford, Lincs.; Wisbech and Soham, Cambs.; Clacton, Essex; Saxmundham, Suffolk, Peterborough (Yaxley); Faringdon, Berks; and Sawtry, Hunts.

Agents introductions welcomed on Scale Commission.

FULL details on request from—
Regal Industrial Estates Limited,
10, Letchworth Drive, Bromley, Kent.
Tel: 01-464 3561.

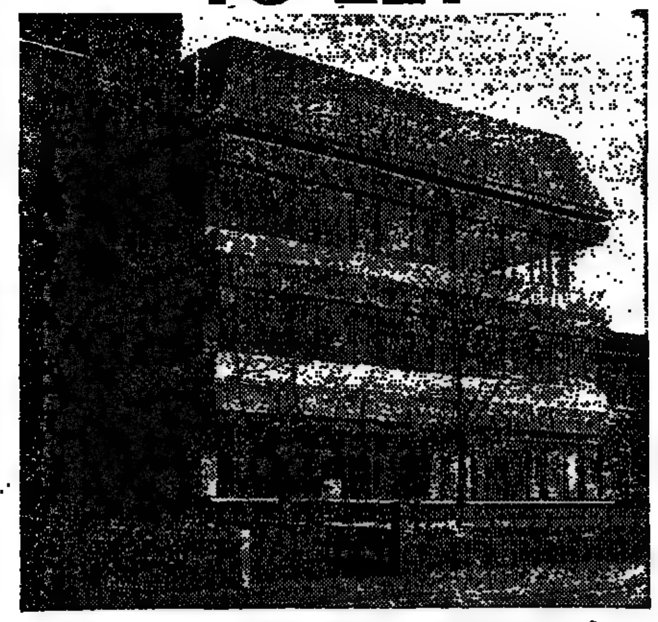
Knight Frank & Rutley
20 HANOVER SQUARE LONDON W1R 0AH TEL: 01-629 8171

NORWICH

about 23,500 Sq. Ft.

PRESTIGE OFFICES

TO LET



Full Central Heating Passenger Lift
Covered Car Park
Close to Station

Apply Joint Sole Agents:

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AND

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Knight Frank & Rutley

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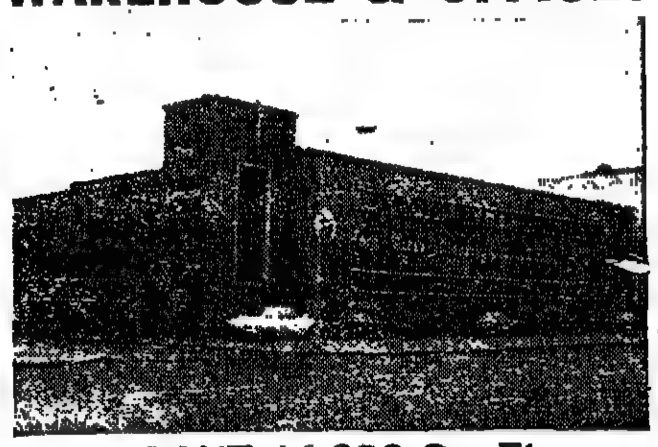

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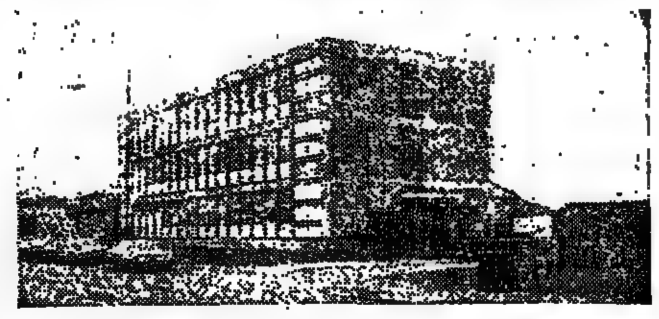

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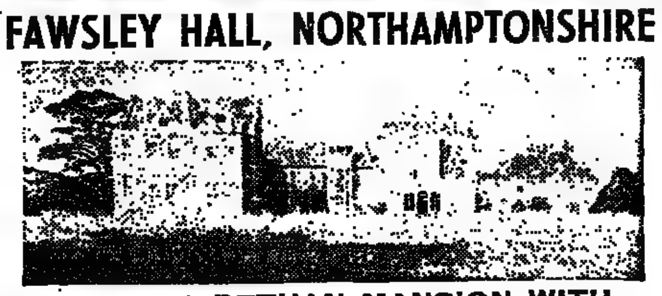

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The Administration Officer, British Embassy, Diplomatic Enclave, Ramna 5, PO Box 1122, Islamabad

Property Services Agency, Department of the Environment, Room 418, Block "C", Whitgift Centre, Croydon, CR9 3LY, Telephone: 01-686 8710 Ext. 4385

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

U.K. minting equipment success

BRITISH minting techniques, the most advanced in the world, now seem likely to be used in Eastern Europe. Poland is the latest country to show close interest in unique minting machinery produced by Lucas Aerospace at Bracknell.

The system comprises a topping and buffing machine, a three station die-turning lathe and a facing lathe. It is the first significant development in the manufacturing techniques this century, Lucas asserts.

The machines were developed by Lucas Aerospace to meet a Royal Mint specification and have already been sold, in addition, to the U.S. Treasury Mint, The Franklyn Mint of the U.S., and the new Winnipeg Mint in Canada.

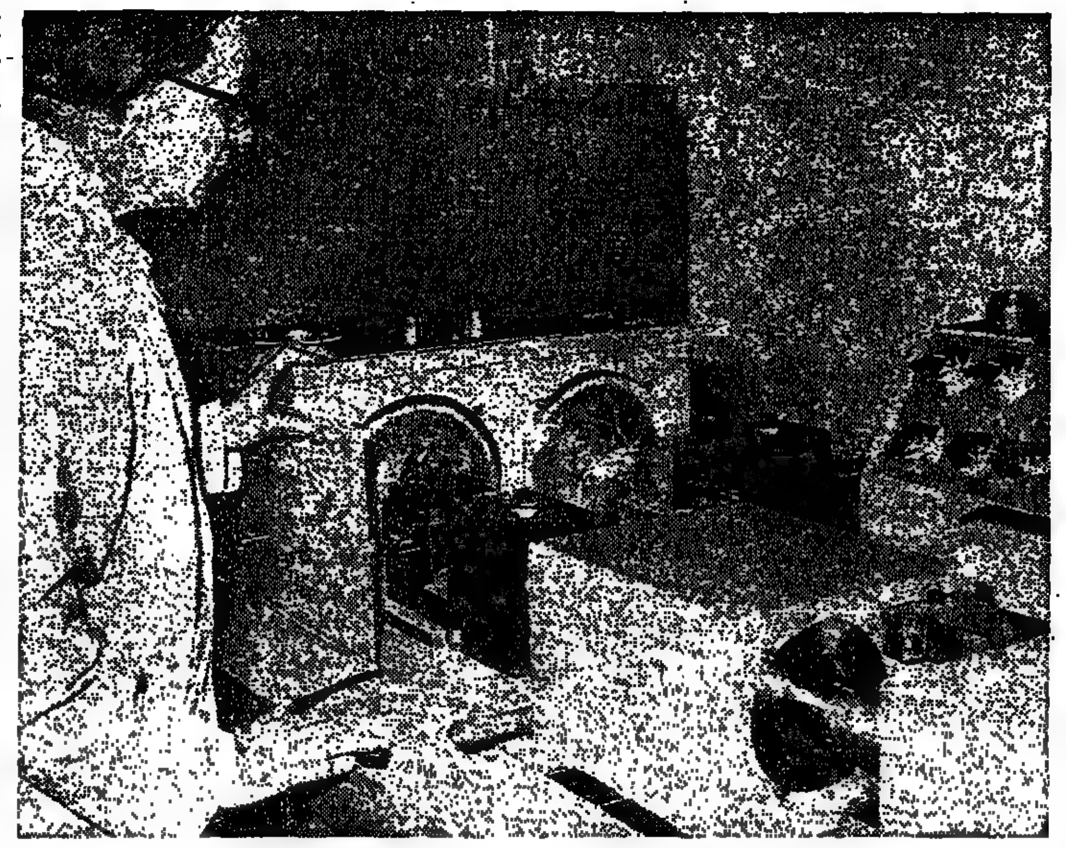
All three machines achieve significant time saving over conventional machining methods which have been unchanged for over 80 years. The die-turning lathe in particular overcomes the problems which arise when working on a billet on which the reversed coin or medal design has been stamped. The billet becomes distorted and the coin design is frequently off-centre, events which have previously required some twenty minutes of expert machining before a satisfactory die could be produced.

The new machine performs the complete operation semi-automatically in just 1½ minutes. Large numbers of coin dies are used concurrently in most busy mints and these could need replacing once every 24-hours.

The die-turning lathe has three work stations driven by two electric motors and performs the task of turning the body profile, facing to length and turning the neck station. Toolslides and collets are hydraulically operated from a power source contained in the base.

Poland is expected to order soon, following a recent successful demonstration. Other mints throughout the world are showing close interest and, with the three machines costing about £100,000 exports are expected to pass the £1m. mark in the near future.

Lucas Aerospace, Maylands Avenue, Hemel Hempstead, Herts HP2 4SP. Hemel Hempstead 22334.



The semi-automatic minting die turning lathe produced by Lucas Aerospace.

Builds new bearing surfaces

BEARINGS WITH transverse play of not more than 0.003 in. can, it is claimed, be rebuilt to provide a lower co-efficient of friction than when new with a metallic powder mixture which is added to the lubricating oil.

Called Coleadium, it was developed and is made in the U.S. and is being marketed in the U.K. by Bernard Cameron and Associates, 26 Danbury Street, London N1 8JU (01-359 5181).

The mixture consists of an intimate dispersion of 30 per cent. lead in 70 per cent. copper, with traces of tellurium, silver, tin, and antimony. The theory of its operation is that under pressure (300/400 psi) in a bearing surface the copper cold phase welds to the steel eliminating high spots, while the lead and other metals provide a lubricating function.

Powders range in particle size from four to 14 microns, dispersed in oil, grease, or machine tool coolant—alternatively it can be flame sprayed or burnished on to a bearing.

Applications in the U.S. reported as successful include the reconditioning of worn and corroded machine tool bearing surfaces while they are in use; in machine tool coolant, when the mixture plates the tool tip, reducing wear and improving cutting rate; in hydraulic valves; in diesel engines where considerable improvements in fuel conservation and bhp output are claimed; and in electric motors where drag reductions of the order of 30 per cent. are stated to have been achieved.

It is stated that the mixture can sustain bearing temperatures of 1,100 deg. F, peaking to 1,500 deg. F, while a bearing made of the material had no apparent upper limit. In the Timken test for lubricity, lithium grease or molybdenum disulphide can be loaded to 50 lb, before breakdown, whereas the same lithium grease containing the mixture sustained over 70 lb.

The company envisages the private car as a major market, a treatment with the mixture being recommended after the first year and then every 10,000 miles. This, it is claimed, will reduce friction and improve compression in a slightly worn engine. The price of Coleadium is expected to be £1.75/pint, as a colloidal dispersion in oil.

● INSTRUMENTS

Variety of recorders

STRIP-CHART recorders suitable for measuring and recording pressure ranges from 25 millibar to 1000 bar and temperatures between −40 and +600 deg. C, marketed in the U.K. by Budenberg Gauge Company, PO Box 5, Altrincham, Cheshire, are manufactured in Germany by Dreyer, Rosenkranz and Droop AG, Hanover.

They are available with one, two or three independent measuring systems, each driving a pen in a straight horizontal line across a chart 100 mm wide. A separate indicating scale is provided. In the two- and three-element recorders, temperature and pressure elements may be arranged in any combination, and altered later if desired.

To drive the chart there is a choice of four different mechanical spring clocks or three mains-powered electric clocks. Interchangeable gear-wheels are also available to give a total range of chart-speeds from 1.25 to 7200 mm/h (mechanical) or from 5 to 14400 mm/h (electric). The mechanical drives ensure safety when flammable gases are present and can be used where there is no electricity supply. Electric drives with a spring reserve, to ensure continuity of recording if the power supply fails, are also available.

Budenburg is at 061-928-6441.

Non-contact gauging

HERBERT CONTROLS and Instruments, Spring Road, Letchworth, Herts., SG6 4AJ (04626 3841) has been appointed distributor in the U.K. and Eire for the range of opto-electronic non-contact gauging systems and equipment made by Reticon, a California-based company.

This U.S. firm has combined opto-electronics with advanced integrated circuit technology to produce a line of self-scanning photodiode arrays.

Applications — in a variety of industries—include pattern recognition, OCR, facsimile, size and positioning, monitoring, inspection and surveillance.

● SAFETY

Indicates rear lamp failure

DEVELOPED BY Welwyn Electric is a device that will give an indication of the failure of vehicle rear and brake lights whether they are switched on or not. Drivers are thus able to change bulbs in the daylight and potentially hazardous situations at lighting up time can be avoided.

A contactless magnetic switch is used in the warning light circuit. When the vehicle lights are switched on the lamp current holds the switch open; when they are switched off the monitored filament loads the magnetic switch, which again is held open. An open circuit filament immediately permits the magnetic switch to close for either position of the vehicle light control switch.

The circuit is likely to have additional applications in industrial control, railway signalling and traffic lights. The company is at Bedlington, Northumberland NE22 7AA (0670 822181).

The eyes have it

PUBLICATION of the Protection of Eyes Regulations 1974 which came into force on April 10 affects much of manufacturing industry.

To meet the demand from industrial organisations for guidance on the formulation of an eye protection policy, the Machine Tool Trades Association's committee on industrial safety has published a 28-page illustrated book based on practical experience, entitled "Protection of Eyes." It is obtainable from MTTA, 62, Bayswater Road, London, W2 3PH (01-402 6674), price £1.

Alerts the pilot

DURING 1976 it is likely that U.K. registered aircraft will have to be fitted with an approved ground proximity warning system (GPWS) and to meet the need Plessey has announced the development of a suitable equipment based on a microprocessor unit developed at Towcester.

The system derives analogue inputs from the aircraft's radio altimeter, air data computer/barometric altimeter, glideslope/localiser receiver and the landing gear and flap selectors. The data is digitised and digested by the computer in order to detect excessive sink or closure rate, improper rate of climb or loss of height after take off, inadvertent proximity to ground and inadvertent "duck-under" the glideslope.

If necessary a synthesised voice warning is given to the pilot in the form of the command "climb" or "pull up," to customer preference. This is accompanied by a continuously flashing captioned light.

The unit, which weighs 6 lb and consumes 50 W has already beeing ordered by a local airline in the U.S. where fitting becomes mandatory at the end of this year.

● COMPONENTS

Circuits for phones

A PAIR of integrated circuits for telephone instruments has been announced by Plessey Semiconductors, Cheney Manor, Swindon, Wilts. SN2 2QW (0793 6251).

MP 9100 is a low threshold MOS device for push button dialling applications. It provides the logic needed to interface a standard multi-frequency keyboard to a Strowger telephone system. Up to 20 digits and dial tone pauses can be stored and dialled directly or re-dialled if required. Features include programmable dialling speed, dial pause mark/space ratio and interdigit pause.

MP 9200 uses the same semiconductor technology and contains logic and storage to form a self-contained repertory telephone number store for up to ten 22 digit numbers. With an output suitable for MF signalling systems, the circuit interfaces with standard keyboards and can be cascaded if increased storage is required. It would be used together with the MP 9100 for connection to Strowger systems.

● COMPUTERS

Makes the mini good business

AN OPERATING system for mini-computers that is claimed to give virtually complete independence to each of the VDU users connected to it has been announced by Advanced Information Access, 76 Neal Street, London WC2H 9PA (01-240 1603).

Called ADAM (advanced data access method), the system uses PL1, and has a virtual memory arrangement called Multiple Memory which provides each user with a large storage space and avoids inter-user conflicts of the sort often found in partitioned systems.

A particular feature is that any of the programmed jobs can be run on any of the VDUs, and in addition an operator may interrupt work at any time to switch to a more urgent job. Return to the original task involves only a few key depressions.

It is also claimed that the user can modify programs with great ease, the compiler provided demanding only a few keyed-in PL1 statements.

The system has been designed to run on Allied Business Systems' Multibus machine, but discussions are being held with other mini suppliers.

AIA has sold the system to Tube Plastics of Stourport where playground equipment and associated toys are made. Production costing, materials control, production scheduling, works control, order entry and despatch control have been effectively integrated using ADAM with four display units. London tobacco importer W. P. Solomon has a 24 k installation with 5.3 megabytes of disc, two VDUs and a printer. The company is now able to update stock records immediately at the order entry stage, exercising credit control at the same time on a "no cash, no order" basis.

● CONSTRUCTION

Plain man's guide to cavity fill

THE RECENT Department of the Environment directive to local authorities concerning relaxation of the building regulations governing cavity wall insulation clears up much of the confusion surrounding this subject. But it is likely to throw a heavy burden on to local government officials who are already under considerable pressure, in the opinion of the Crittall group whose Crittall Warmlife subsidiary is active in wall foam insulation.

The company has published what is described as the first "plain man's guide" to cavity wall insulation.

It is intended to form part of a package for local government and consumers alike to dispel some of the myths and the recent doubts surrounding cavity wall insulation.

Inspection

The DoE directive to local authorities recommends cavity fill but puts the onus on them to carry out the necessary inspection work.

Crittall considers it unfortunate that the circular did not put sufficient emphasis on the benefits to be gained from using only those companies who hold Agrément Board certificates in their own name for both the material and its installation.

This would have shifted the burden of inspection to the installer, who is bound by his Agrément Board certificate to carry out the work competently, responsibly and to an agreed standard. "In this situation, a great deal of local authorities' time and energy could be saved," Crittall asserts.

Crittall Warmlife, Witham, Essex CM8 3AW. Witham 3481.

Advance for the wooden house

SOME OF the prejudices and problems associated in the past with timber-framed houses appear to have been overcome by the latest development in this field, introduced by Westyield Homes (Management), Quadrant House, Heath Road, Weybridge, Surrey, (Weybridge 52766).

Available as bungalows or houses, the buildings are prefabricated in sections approximately 9 feet wide and 24 or 36 feet long. These sizes are readily transported by road, and are bolted together longitudinally on site. If standard concrete foundations and service connections (water, electricity, drainage, etc.) are installed beforehand, the company says a house can be erected and ready for occupation in a matter of hours.

Dwellings are supplied complete with fitted kitchen units, carpets, and curtain rails, and are fully decorated. There is a good choice of exterior styles and finishes, but all are designed for long life and minimal maintenance—for example, for the boarded front, the boards are plastic sleeved.

The company states that the insulation standard of the buildings is so good (heat loss per square foot in Btu/hr/deg.F is 0.09) that, for example, the bungalow requires the staggeringly low figure of only 2½ kW for heating.

Insurance

One of the main problems with timber housing has been their acceptability for mortgages and insurance. Here the company has made special arrangements to include 20 year single premium fire cover in the purchase price. Alternatively, on ordinary insurance cover the cost is £1.75 per £1,000 (or about 25p above the standard rate). The company says that mortgages of 85 to 95 per cent. can be arranged.

Sites are being developed in Hampshire, Cornwall and Essex for the first 64 homes. Negotiations are at an "advanced stage" for a further 114 units for a private developer in Sussex, and Westyield expects to finalise arrangements with housing associations, local authorities and private developers for more than 1,000 homes in the "very near future." There is reported to be considerable overseas interest, particularly for "instant" housing in the developing Middle East oil countries.

Price for the bungalow, delivered and erected, is £5,500 and for the house £6,750—and the company says it will hold these prices for a year. The homes are fabricated by an associated company, Secometric, Russell Gardens, Wickford, Essex.

● PRODUCTS

Document lift is secure

OAKLAND Elevators has a new document lift which is entirely automatic in action. Depending on the lift speed required, which can be adjusted to suit the operation, documents or small packages can be transferred between 12 floors of a building in as little as 40 seconds. Confidential or valuable material can be sent between floors without any risk of loss or interception in transit.

The lift consists of an all-steel self-supporting structure with zinc coated or plastic coated steel sheet cladding and balanced single rise doors electrically interlocked with a pick-up plate on the shaft side to engage with an electro-magnet on the car door. The sides and top of the car are of plastic coated steel and the base is fitted with a twin belt power conveyor.

The single rise door of the car is power operated and provides for the simultaneous operation of the landing door by means of the electro-magnet. Safety switches are fitted to open either door instantly if the load is not completely within the car or if any other obstruction should occur on closing. Close pitched special gravity roller conveyors of the required length are provided on the discharge side. Alternatively a stainless steel chute discharging into a receiving tray can be fitted on each floor.

The speed of lift is from 0.25m/sec. to 1.25m/sec. (50 to 250 ft./min.) as required. A capacity of 25 kg (50 lb) is standard.

Further details from Oakland, Mandervell Road, Oadby, Leicester LE2 5LL. Leicester 713346.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

Industry Bill clash on union power

Key disclosure clause approved by 3 majority

BY JOHN HUNT

A KEY CLAUSE in the Industry Bill stipulating the type of information which the Government can call on manufacturing companies to provide, and which can then be passed on to trade unions, was approved in standing committee yesterday by a majority of three (19—16).

The Government victory came after 12 hours of often heated debate in which the Conservatives, with the support of Mr. Richard Wainwright, Liberal, sought to defeat the clause.

From the Government front bench, Mr. Michael Meacher, Industry Under-Secretary, made it clear that the purpose of this section of the Bill was to shift the balance of power in industry in favour of the unions.

For the Conservatives, Mr. Michael Heseltine, "shadow" Industry Secretary, claimed that Mr. Meacher's words had revealed for the first time the true purpose behind the information requirements in the Bill. It was really about the transfer of power from management to unions.

Mr. Heseltine pointed out that there was no reference to unions in this particular section of the Bill, yet Mr. Meacher had spoken of nothing else when he dealt with it. Nor was there any reference to the unions in the White Paper on which the Bill was based.

This, he said, was further evidence of Government duplicity and another breach of the Prime Minister's promise that the Bill would not differ from the White Paper.

The clause, No. 21, lays down that information can be required on the number of persons employed in an undertaking, capital expenditure, fixed capital assets, disposal or intended disposal of assets, acquisition or intended acquisition of fixed capital assets, output and productivity, sales, exports, sale of property or granting of right in respect of property.

It also gives the Government power to require an estimate of facts which might obtain in a company at a future date.

Mr. Meacher told the committee that it was clear Conservatives were basically afraid of trade union power. "Some of the members opposite clearly hope that trade union power can be crushed. The official Conservative line is to deflect it by every possible means.

"I can tell them that if there is one thing absolutely certain, it is that trade union power is here to stay. Our view is simply that this power needs to be harnessed in the interests of the trade unions as well as in the interests of the companies themselves.

"That power needs to be consolidated, not weakened. It is essential that unions be drawn more and more into the centre of decision making."

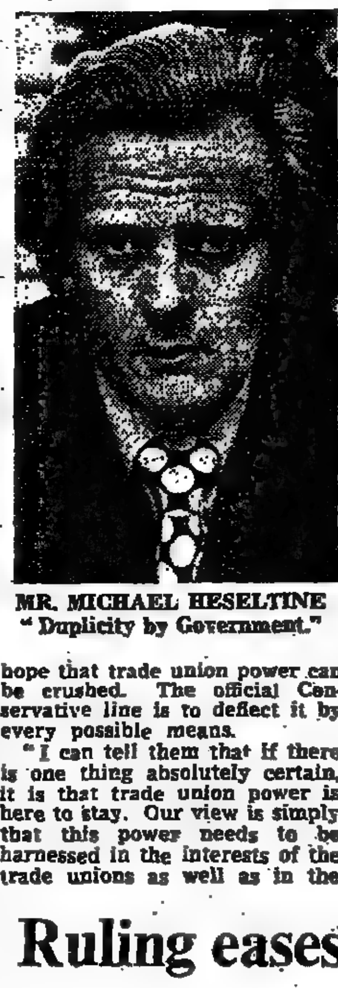
The clause on information would create a "shift in the balance of power" which was absolutely essential for the harmonious working of industry.

He claimed the Tory motive was to limit and weaken the opportunities for the unions to exercise their role.

From the Conservative front bench Mr. John Stanley dismissed the Government's arguments over industrial democracy as "blatantly and nakedly propagandist." He said the Bill gave no rights for the non-union employees to obtain information, and therefore made them "second-class workers."

The legislation granted powers which were extraordinarily wide and totally undefined. There was no accountability at all. "These powers may be used excessively and unreasonably. At some time they may even be used vindictively," he went on.

"These powers are neither relevant to industrial democracy nor to better industrial planning. There are few cases where such far-reaching powers have been obtained by Ministers with so little accountability for their use."



MR. MICHAEL HESELTINE "Duplicity by Government."

Tories see 'Bennery' threat in agency Bills

By Justin Long, Parliamentary Correspondent

THE GOVERNMENT last night secured second readings in the Lords for its two Bills to set up the proposed Scottish Development Agency and the Welsh Development Agency with wide economic powers and a total allocation of up to £450m. for industrial investment purposes.

Tory peers condemned the Bills—recently blocked by the Opposition in the Commons—as a further battery of powers to extend public ownership and widen the bureaucratic net.

"One might say that Bennery is trying to buy its way into Scotland," said Lord Campbell of Croy, for the Opposition, on the proposals in the Scottish Bill. "We will aim to bring about substantial changes in it during its passage in Parliament," he warned Ministers.

Some concern about the Bill for Wales was also expressed on the Labour side. Labour peer Lord Raglan feared that the proposed agency would be a very "dictatorial" measure, providing powers to do almost anything that was legal.

But as the Government had anticipated when it decided to reintroduce the Bills in the Lords, neither of them was taken to a division against second reading.

Onus of proof switch

A GOVERNMENT amendment to the Sex Discrimination Bill transferring the onus of proof from the respondent to the claimant was carried yesterday in the Commons standing committee on the Bill.

Home Office Under-Secretary Dr. Shirley Summerskill said the Government had decided it was extremely difficult for a respondent to prove a negative. "I am advised that this amendment provides the normal evidential burden," she said.

The amendment, supported by the Tory Opposition was carried by eight votes to four.

PLP to probe house building

By Philip Rawstorne

THE PARLIAMENTARY Labour Party is to meet next week to discuss the state of the building and construction industry. The meeting, on Wednesday, will be attended by the Environment Secretary, Mr. Anthony Crosland.

Mr. Joseph Dean, MP for Leeds West, has tabled a motion calling on the Government to make sufficient financial resources available to stimulate a substantial increase in the house building programme.

The motion says that such action is now urgently needed

Development land takeover in April

BY JOHN TRAFFORD

IT NOW SEEMS likely that the Government will bring its proposals for the nationalisation of development land into effect on April 6 next year and not on January 1 as envisaged earlier.

The delay results in part from pressure from the local authority associations, who would prefer to start operating their new and much extended powers at the beginning of a financial year, and in part, from difficulties in framing proposals on the development land tax.

The Government yesterday revealed that it had decided to publish a White Paper before the summer recess on the DLT. Since the Inland Revenue has already published a statement on the tax, the move suggests that the Government wishes to reduce uncertainty by spelling out in still greater detail what it has in mind.

Although it would be possible in theory for the Community Land Bill, now in its committee stage in the Commons, to be operated by local authorities before the Tax Bill became law, it is not very likely in practice.

It seems that the Government may wish to postpone the abolition of the development gains tax and the associated first lettings charge from the end of the year until April 5, 1976.

The situation remains confused, however, and Mr. Victor Lucas, president of the British Property Federation, said last night that his organisation would probably be seeking early meetings with the Department of the Environment and the Treasury.

Ruling eases CBI fears

BY JOHN HUNT

MR. MICHAEL MEACHER, Under-Secretary for Industry, told the Industry Bill committee that manufacturing companies which are required to pass on information to a trade union would be able to give it to a union official of their own choosing.

This goes a long way to meeting one of the fears of the Confederation of British Industry over the disclosure provisions in the Bill.

The CBI had argued that if a company had to give confidential information to a district, regional or national official of a union it might be in the interests of that official to use the information in another company where the union had a far greater number of members. This would be very damaging to the company which had been forced to divulge the information in the first place.

Mr. Meacher's ruling means that a concern can give the information to a union representative working in its own plant on the assumption that it would be against the representative's own interest to pass it on to workers in another company.

Fight for Benn, PM told

BY PHILIP RAWSTORNE

LEFT-WING Labour MPs gave a clear warning to the Prime Minister last night that any attempt to move Mr. Anthony Wedgwood Benn from his post as Secretary for Industry would touch off a major party row.

Mr. Wilson was also criticised at a meeting of the Parliamentary Labour Party at the Commons for not defending Mr. Benn against what they described as "a campaign of vilification."

Mr. James Sillars, MP for Ayrshire South, said that it was the duty of the Prime Minister and other members of the Cabinet to support Mr. Benn against the "witch hunt" by the Tories and the Press.

Citing previous campaigns against Mr. Aneurin Bevan and the Prime Minister himself, Mr. Sillars said that the Industry Secretary was doing no more than implement Labour manifesto commitments.

Mr. Wilson, in his television interview last Sunday, should have taken the opportunity "to repudiate the Press rumours that Mr. Benn is to be removed from his post." Which Harold was to be in charge of the Industry Bill? Mr. Sillars asked. Wilson or Lever?

Mr. Neil Kinnock, MP for Bedwellty, agreed that other Ministers should rally behind Mr. Benn but added: "He is capable of looking after himself."

Mr. Ray Fletcher (Ilkeston) said that the Labour party should declare publicly and emphatically that "no hack journalist" was going to dictate the composition of the Cabinet and the Government.

Mr. Dennis Skinner (Bolsover) called on the party's liaison committee to examine whether the Prime Minister should retain sole power to appoint Ministers. The "shadow" Cabinet was elected in opposition, he said, and implied that a similar procedure should be followed in government.

Mr. Skinner said that the party should also have the power to dismiss Ministers. There were those who were too old or too incompetent, he said. There were others like Mr. Benn who were "so brilliant they deserve promotion."

Mr. Cledwyn Hughes, the Parliamentary party chairman, said that the liaison committee could consider the issue—"provided it isn't asked to choose the Cabinet."

'Wild-eyed' Ministers worry Lord Hailsham

THERE WERE Marxist or semi-Marxists in the Labour Government and party who must be resisted "because only the fact that I am a lawyer prevents me saying they are guilty of a fundamental treason to a free society," Lord Hailsham, the former Tory Lord Chancellor, declared last night.

Britain was facing ruin because no free society could endure inflation running at 20 per cent., he told the Scottish Conservative conference in Dundee.

"It is no coincidence that the very Ministers who are prominent in the "No" campaign in the referendum debate are those who have incurred the bitterest criticism in the social debate—the men with the wild and staring eyes, the unbridled tongues—the extremists," said Lord Hailsham.

The Labour Party and the Labour Government were split into two irreconcilable groups. "There are those who wish to reform the existing social order, and there are those who wish to destroy it," Lord Hailsham said.

"There are the Marxists or semi-Marxists who believe it their duty to make use of what they call the contradictions in existing society to bring it down and substitute something else, and there are the moderates who wish to save society by reducing the number of anomalies and injustices.

"With the latter we may differ, but we can at least debate. To the former, we can only offer resistance, because only the fact that I am a lawyer prevents me from saying that they are guilty of a fundamental treason to a free society."

Tory leader stays out

BY RICHARD EVANS, LOBBY CORRESPONDENT

MRS. MARGARET THATCHER, the Conservative leader, has decided against taking part in next Thursday's major economic debate in the Commons unless there is a significant change in the economic situation.

The decision will cause some dismay among Tory backbenchers who were expecting Mrs. Thatcher to force the Prime Minister to take part in the debate. But now the leading Government speaker is expected to be Mr. Denis Healey, Chancellor of the Exchequer.

Mrs. Thatcher's reasons for not taking part are her particularly heavy schedule next week. As well as her normal duties, she has major speeches on Monday and Tuesday, addresses the Conservative Women's Conference on Wednesday, and takes part in a BBC Radio phone-in programme on the referendum on Thursday morning.

The form of Thursday's debate and the Conservative speakers—probably Sir Geoffrey Howe, the "shadow" Chancellor, and Mr. John Nott—will be confirmed on Monday.

Industrial democracy progress

BY OUR LABOUR REPORTER

THE TUC is maintaining pressure on the Government to issue a consultative document on industrial democracy rather than set up a fast-moving commission of inquiry on the subject.

The Government had been expected to announce an inquiry next Wednesday to coincide with the start of the Commons committee stage of a private member's Bill on industrial democracy sponsored by Mr. Giles Radice, Labour MP for Chester-le-Street.

The Government was hoping that an inquiry announcement would lead either to the Bill's defeat or withdrawal. But now, following a meeting between the Prime Minister, senior Ministers, Mr. Len Murray, TUC general secretary, and Mr. Jack Jones, of the Transport Workers, the announcement has been delayed.

TUC leaders have told the Government that they believe a consultative document would be the best method of examining the various implications of industry democracy proposals for company law.

One-rate VAT pledge by Tories

By Justin Long, Parliamentary Correspondent

IN THE FIRST main Commons attack on the detailed provisions of the Finance Bill, the Opposition last night promised its aim would be to restore the simple single-rate VAT structure when the Tories next returned to power.

Tory "Shadow" Chancellor, Sir Geoffrey Howe, leading the attack on the committee stage of the Bill, accused Mr. Denis Healey, the Chancellor, of a "fiscally unnecessary" and damaging measure in creating the new 25 per cent. VAT rate.

Financial Secretary Dr. John Gilbert failed to satisfy the Opposition with an assurance of Ministerial consideration of criticisms about the tax when the Bill goes into "upstairs" committee.

The Tories took their objections to the new rate of the tax to a division, but were defeated by a Government majority of 24 (140-116).

Sir Geoffrey maintained that the yield from a total 10 per cent. rate of a full year would be significantly higher than the yield from the new rates, plus the higher vehicle excise duties.

The Government should not have cut the original 10 per cent. rate to 8 per cent., but having done that, they should have restored the 10 per cent. in the recent Budget to everything, he contended.

The proposals in the Bill would cause enormous administrative difficulties for traders, said Sir Geoffrey.

One trade which would be particularly badly hit by the multi-rate VAT was the antique trade. Under the new VAT arrangements, it would have five different schemes to administer.

Tory backbenchers also condemned what the "shadow" Chancellor termed administrative lunacy.

Mr. Hector Monro (C., Dumfries) asked why the chancellor had singled out three sports from over 100 for the higher rate of VAT: boats, aircraft and gliders. The revenue on these items would be only about £5m. out of the £325m. from the increase in this particular tax.

He was particularly concerned about the effect of the increased tax on the boat building industry, which produced £40m. a year in overseas exports.

Mr. Edward du Cann (Con., Taunton) said the imposition of VAT meant the danger of irreparable harm to the British light aircraft industry.

Sir David Renton (Con., Huntingdon) said that 25 per cent. VAT would encourage do-it-yourself repairs to televisions, radios and electrical goods. Some people would "blow themselves to smithereens."

Car tax

Earlier, the Government had rejected by a majority of 34 (186-152) an Opposition attempt to cut the car licence duty from the £40 a year imposed by the Budget to its previous level of £25.

Mr. Robert Sheldon, Minister of State, Treasury, turning down alternatives to this increase suggested by the Tories in the Commons, stressed that fundamental changes in tax methods were bound to have repercussions in manufacturing and production.

This meant that radical proposals needed careful consideration and co-ordination before they were implemented.

On the suggestion that the car licence duty could be replaced by an equivalent increase in the tax on petrol, he pointed out that car licences were paid for in advance by motorists, whereas petrol duty was payable as the petrol was purchased.

If petrol, and not car licences, were to bear the new burden it would involve a net loss to the revenue amounting to £200m. It was a loss which ruled out any such idea in the particular difficulties of this year, said the Minister.

Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) said that discrimination against the private motorist had gone too far. "He is no longer a person of superior means indulging in luxurious activities."

Next week's business

COMMONS business next week is:

MONDAY: Private Members' motions; Prevention of Terrorism (Temporary Provisions) Act 1974 (Continuance) order 1975; Air Travel Reserve Fund Bill, Lords amendments.

TUESDAY: Finance (No. 2) Bill, committee.

WEDNESDAY: British Leyland Bill, second reading.

THURSDAY: Economic affairs debate: New Towns Bill, (rmg. stgs.).

FRIDAY: House rises for the Spring holiday to resume on Monday, June 9.

Lords business is:

MONDAY: Air Travel Reserve Fund Bill, rmg. stgs.; Fair Employment (Northern Ireland) Bill, Litigants in Person (Costs and Expenses) Bill, second rdgs.; Coal Industry Bill, cttee.; Wild Creatures and Wild Plants Protection Bill, second rdg.; debate on the conservation of fish stocks.

TUESDAY: Scottish Provisional Order Bills; all stgs.; Limitation Bill, rmg. stgs.; Policyholders Protection Bill, cttee.

WEDNESDAY: Defence debate.

THURSDAY: Public Service Vehicles (Arrest of Offenders) Bill, International Road Haulage Permits Bill, rmg. stgs.; Policyholders Protection Bill, cttee.; Mobile Homes Bill, second rdg.; Solicitors (Amendment) Bill, rmg. stgs.

REFERENDUM

At least stay in ECSC, plead steel producers

BY RHYS DAVID

BRITAIN should try to retain membership of the European Coal and Steel Community even if the decision was taken to withdraw from the Common Market, Britain's independent steelmakers advocated yesterday.

This view—regarded very much as a second best to continued membership of the three communities which make up the Common Market, the EEC, Euratom and the ECSC—was put forward by Mr. Alec Mortimer, director general of the British Independent Steel Producers' Association, at a Press conference in London.

Mr. Mortimer said continued membership of the ECSC, which came into existence several years before the EEC under a separate treaty, would give the British steel industry a better chance of being able to share in the growth of the European steel industry if the steel consuming industries were no longer able to work from within.

Mr. Mortimer was making the BISPA case for continued membership of the Common Market, based very much on the higher rates of growth which the European steel industry has been able to achieve within the Community. He pointed out that in the first 20 years of the Community's existence total steel production of the European producers had trebled, while British steel production had increased by only just over half.

Mr. Mortimer pointed out the European steel industry had been benefiting from low-interest loans for investment projects, and in two years of membership £94m. had already been loaned to British producers. The bulk of this had gone to BSC with the independent producers so far receiving £2.8m. Applications covering another £15m. were in hand, and he mentioned the proposed direct reduction iron plant as a future private sector scheme which might benefit from Community assistance.

Mr. Mortimer rejected the argument that the Community exercised "control" over steel investment in member countries—a point which anti-Marketeers have been stressing. He also claimed that the pricing regulations did not define charges but laid down "rules of fair play" to avoid discrimination against customers or concealed price-cutting to the detriment of long-term financial health.

Mr. Selwyn Williams, director of BISPA, dismissed suggestions made recently by Mr. Eric Heffer, former Minister of State for Industry and an ardent anti-Marketeer, that the European Commission was holding back the introduction of production quotas because of fears that such action could create an unfavourable impression in Britain before the referendum.

Mr. Williams said the [illegible] under Article 58 were for "in the last resort" and to [illegible] had never been used. He [illegible] it was unlikely unanimity [illegible] be achieved within the Co[illegible] of Ministers for such meas[illegible] to be introduced.

There was also a denial [illegible] day from BSC that the Euro[illegible] Commission had interfere[illegible] steel production or was be[illegible] the Corporation's call for 20[illegible] redundancies. BSC said [illegible] was no question of reducing [illegible] duction below the levels wh[illegible] had planned itself some [illegible] ago, except in so far as re[illegible] tions were forced upon [illegible] market factors. The manp[illegible] proposals had been formula[illegible] quite independently of [illegible] European Commission and [illegible] being discussed with the un[illegible] in the normal way.

The Corporation also [illegible] comed a statement from [illegible] Foreign Office that there [illegible] been no pressure from the C[illegible] mission to make cuts in [illegible] power and confirmed that it [illegible] received no such suggest[illegible] from the Commission. It [illegible] noted the Foreign Office st[illegible] ment that the Commission [illegible] no power to order a cutback [illegible] production. "This agrees c[illegible] pletely with the corporatio[illegible] understanding," the statem[illegible] added.

Callaghan gives eight reasons why he will vote Yes

BY OUR LABOUR STAFF

MR. JAMES CALLAGHAN, the Foreign Secretary, yesterday gave eight reasons why he would vote "Yes" in the Common Market referendum on June 5, after a long period in which he had weighed up the issues.

He was addressing the North-West Area Conference of the National Union of Mineworkers in Blackpool. It was his first speech about the Market in this country since the referendum campaign began.

Mr. Callaghan said he would not speak on multi-party pro-Marketeer platforms, but only on Labour Party and trade union platforms.

He added: "I have not gone overboard about it either way. It is basically a matter of judgment. That is why the argument is so fierce and agreement so difficult."

His reasons were:

1—As a result of "12 months of tough negotiations" the Labour Government had won a better deal for Britain.

2—The world outside Britain had changed with oil price rises since 18 months ago. Developing countries demanded a new economic order, and Commonwealth countries had found new markets for their produce.

3—As a member of the Common Market Britain was part of the world's largest trading bloc, bigger even than the U.S. or Russia. Although size was not everything, it gave a strong bargaining position.

4—Food supplies were more secure inside the Community in a world whose "hungry millions would grow as fast as our capacity to feed them."

5—The general level of prices would be just as high if we come out of the Market. There was no escape save by "making ourselves more efficient."

6—If Britain was efficient, the large Common Market would mean greater job security [illegible] years ahead.

7—The common rules [illegible] some people found so irksome had enabled France and [illegible] Germany to bury the ha[illegible] Britain's presence in the C[illegible] munity now gave added stabi[illegible] and greater assurance of pea[illegible]

8—If Britain left now [illegible] would be "breaking the lin[illegible] Other countries were seek[illegible] closer ties and association [illegible] Africa, the Caribbean, S[illegible] America, Asia, the Middle [illegible] and Eastern Europe.

Mr. Callaghan added [illegible] renegotiation was worth[illegible] and its successful conclusion [illegible] put an end to a lot of fea[illegible] This was why he and a num[illegible] of colleagues in the Cab[illegible] "were doubtful a year ago [illegible] have watched the developm[illegible] of our renegotiation and [illegible] now come out in favour of vo[illegible] Yes."

The day a Young Liberal joined the Anti campaign

THE SCENE was set for the anti-Common Market Press conference in London. There was a member of the Labour Party's Research Department and Charles Clarke, president-elect of the National Union of Students.

But Ruth Addision, chairman of the Union of Liberal Students, couldn't attend. Instead, she sent along Mr. Colin Deans to speak on behalf of the Young Liberals, writes PA.

All went well—until Mr. Deans zipped open his cardigan to reveal . . . a T-short emblazoned: "say YES to Europe."

"I hope everybody saw the way these people work," declared Mr. Christopher Frere-Smith, chairman of the anti-Market campaign. "But it is for people to express their views and I wouldn't want to prevent this."

Mr. Deans handed out a statement from Miss Addision in which she said: "The Get Britain Out organisation must be a complete shambles.

She had been consistently in favour of Britain's membership of the EEC, she said, and it would have needed little research to discover her views.

"Much as I should have liked to come and give my views, I have to stay in Manchester in order to campaign for a Yes vote in the referendum," said the statement.

Mr. Frere-Smith said after the meeting: "We have been completely misled. I spoke to Mr. Deans before the meeting and he did not give the impression of being a pro-Marketeer. "I would point out that Miss Addision has been reported as being opposed to Britain's continued membership."

Tribune warning on jobless

BRITAIN'S continued mem[illegible] ship of the Common Market [illegible] force the Chancellor to pursue "a ruthless policy of unempl[illegible] ment," according to Mr. B[illegible] Sedgemore, Labour MP [illegible] Luton West.

Writing in the Left-wing pa[illegible] Tribune, he says cuts in li[illegible] standards and rising unempl[illegible] ment are a direct result of [illegible] huge balance of payments de[illegible] of recent years—over half [illegible] which arose in 1974 from [illegible] adverse trading balance betw[illegible] Britain and other Comm[illegible] Market countries."

"An extra 500,000 to 750,[illegible] on the dole seems a bitter p[illegible] to pay for continued mem[illegible] ship," he added.

● EEC membership tends to [illegible] crease unemployment in Brita[illegible] says a paper prepared for [illegible] "Get Britain Out" campaign [illegible] the research department of [illegible] Association of Scientific, Te[illegible] nical and Managerial Staffs. [illegible] estimated that some 250,000 j[illegible] had been lost as a direct re[illegible] of membership.

No other realistic choice put forward—Bateman

FINANCIAL TIMES REPORTER

A VOTE against the European Community in the referendum would be a vote for uncertainty, said Mr. R. M. Bateman, President of the Confederation of British Industry, in Strasbourg yesterday.

He told a lunch meeting of members of the European Parliament that "in all the campaigning we have heard of no realistic alternative to our membership of the Community."

A vote for continued membership of the Community, he went on, would be a vote of confidence in our nation's will to overcome our common problems and to grow strong again among friends.

"It is not enough for those who oppose British membership," he said, "to act like Greta Garbo and say they want to be alone." He attacked the "myth" that it would be easy to secure freed trade with the Community and with our former partners in EFTA. "We would not confidently expect EFTA to provide an alternative, with the EEC offering us satisfactory tariff-free access to its markets," he said.

Since 1970, said Mr. Bateman, British sales to the EEC had risen by 134 per cent.; those to the Commonwealth had risen only 60 per cent., and those to all non-EEC countries by only 82 per cent.

Engineers firmly behind staying in

By Kenneth Gooding

THE BRITISH Mechanical En[illegible] neering Confederation has p[illegible] duced a 27-point paper wh[illegible] the director, Mr. Crawford B[illegible] gess, claims "makes an ov[illegible] whelming case for staying in t[illegible] European Community."

Among the major poi[illegible] made by the paper are that wi[illegible] drawal from the Communi[illegible] would:

Replace the European hon[illegible] market for the engineeri[illegible] industry with a U.K. home m[illegible] ket a quarter the size;

Accentuate the fluctuations [illegible] demand for capital goods;

Stem the flow of foreign inve[illegible] ments in the U.K.;

Leave Britain on the wro[illegible] side of perpetual tariff and no[illegible] tariff barriers to exports to t[illegible] EEC.

MP's food price challenge on financial agreement

A LABOUR MP last night demanded a Government statement on claims that Britain's EEC partners may seek to alter a financial agreement, which could lead to higher food bills.

Mr. Norman Buchan, MP for West Renfrew and vice-chairman of Scottish Labour Against the Market, said in a speech at Port Glasgow Labour Club that under the existing terms of the Treaty of Accession, food prices would rise by 40p in the pound over the next two years to bring them in line with other Common Market food prices.

But now, the falling pound had caused other EEC countries to "question the situation."

"It would be disgraceful if this were to happen immediately after a referendum in which the possibility was concealed from the British people," Mr. Buchan added. "I therefore categorically challenge the Government to deny the reports and to declare now that they would not accept any change in the monetary arrangements which would cause an automatic increase in British food prices other than the already negotiated transitional steps."

Life blood draining away

BRITAIN'S life-blood was bei[illegible] drained away by Common Mark[illegible] membership, the National Refe[illegible] endum Campaign said in a stat[illegible] ment yesterday.

Wednesday's trade figur[illegible] showed that Britain's non-o[illegible] trade with the EEC in Februar[illegible] April was at a deficit of aroun[illegible] £470m. "Compare this to th[illegible] very healthy surplus of so[illegible] £220 to £230 million recorded [illegible] our non-oil trade with the res[illegible] of the world," the statement went on.

The Executive's World

EDITED BY JAMES ENSOR

CORPORATE FINANCE

Why convertibles are expensive

BY JOEL STERN

THE TWO most popular reasons given for issuing convertible loan stock CLS are that it is less expensive than straight (non-convertible) debt, and that CLS is a device for selling ordinary shares at a price above the current share price. The first reason is wrong, the second reason is foolish.

To appreciate why, management must always remember that on securities markets in particular, there is no such thing as a "free lunch"—in terms of risks and rewards, you get what you pay for.

A hypothetical example can demonstrate why CLS does not possess either of its two alleged benefits and that on the contrary, it reduces a firm's financing flexibility. The table depicts a risk map for a company's securities. Expected risk and reward for the investors increases from left to right. Since the investor's expected reward is equal to the firm's cost, increasing risk simultaneously results in a larger cost to the firm. This is true both in theory and in practice, and supported by considerable published evidence.

A firm's least risky and least costly financing device is its straight priority debt. In the absence of warrants and other "options," the most risky and most costly financing instrument is a firm's ordinary shares. All other types of financing instruments would appear to the right of straight debt and to the left of ordinary shares.

Consider a hypothetical company that employs a combination of straight secured debt with a current cost (yield to maturity) of, say, 10 per cent. before tax; straight subordinated debt with a current cost of 12 per cent. before tax; and a current after-tax cost of ordinary shares of 18 per cent. (The cost of equity is the investors' expected annual rate of return through dividends and share price appreciation.)

If the ordinary shares' dividend yield is 6 per cent., the anticipated compounded annual share price appreciation must be 12 per cent.

The expected return to investors in the firm's straight debt is not directly related to the capital performance of the straight debt unless it rises because of a decline in interest rates. For simplicity only, interest rates are assumed to be constant.

Where would CLS appear on the risk map? Focusing on the source of the investor's expected return can provide the answer. Part of his return takes the form of the firm's interest payment (the coupon yield). The remainder is the expected increase in the price of CLS, the price appreciation being dependent on a price rise in the ordinary shares into which the CLS is convertible. That is, in terms of risk and return, CLS is partially straight subordinated debt and partially ordinary equity.

So, CLS appears to the right of straight subordinated debt and to the left of the ordinary shares, the precise location depending on the specific CLS's coupon yield (debt characteristic) and conversion price (equity characteristic). The conversion price is the ordinary share price at which conversion can occur. Generally, a higher coupon yield requires the issuing firm to give up less equity (that is a higher conversion price).

Assuming the firm issues CLS that on the risk map is equally distant between straight subordinated debt and ordinary shares, its total cost is obviously 15 per cent. Its coupon yield must be 9 per cent. (equidistant between the straight subordinated debt's 12 per cent. and the dividend yield on the ordinary shares, 6 per cent.) Consequently the investor's anticipated price appreciation is 6 per cent. (15 per cent. minus 9 per cent.).

RISK MAP

	straight Priority debt	straight subordinated debt	CLS	ordinary shares
COST:	10% coupon yield	12% coupon yield	15% 9% coupon yield 6% anticipated price increase	18% 6% dividend yield 12% share price appreciation

Returning to the alleged CLS advantages, the table and example illustrate that it is wrong for corporate management to believe that CLS is less expensive than straight subordinated debt. True, the CLS's coupon yield—the cost we can all see—is less, 9 per cent. vs. 12 per cent. But this is not the entire story. Management must not forget to include the cost of the equity capital (18 per cent.) in the calculation of CLS's cost.

Share price

The "free lunch" view also accounts for the mistaken belief that issuing CLS in order to sell ordinary shares is beneficial to the firm's current shareholders. The foundation of this mistaken belief can be understood clearly if the example is developed one more step. Assume the current ordinary share price is 40p and that in the securities market the CLS's 9 per cent. coupon yield enables the issuer to employ a 15 per cent. conversion premium (that is a conversion price of 46p). As the share price begins to rise from 40p, the CLS's price will also rise and, hence, its coupon yield will fall below 9 per cent.

In order for the CLS's total return to be at least 15 per cent., a larger fraction of its return will have to take the form of anticipated price appreciation. But since the CLS's expected price appreciation is more risky than the fixed interest income, an increase in the ordinary share price forces the CLS to the right on the risk map as it takes on more and more of the ordinary shares' risk-reward characteristics. Voluntary conversion will not (and, in the real world, does not) occur unless and until the risk borne by the CLS holder is at least as great as the ordinary shareholders' risk.

This is the same as saying that the CLS's coupon yield (9 per cent.) must fall to at least the dividend yield on the ordinary shares (6 per cent.). In the example, this will not happen at least until the ordinary share price increases to 60p. Even then, conversion will occur only if management increases the amount of cash dividends paid, thereby maintaining the 6 per cent. dividend yield.

Arguments

The crucial question is: Would management prefer to issue ordinary shares at 46p when the ordinary shares are selling on the stock market at 60p? The answer should be obvious.

Yet two counter arguments are frequently proffered. First that perhaps the issuing firm's ordinary share price will not provide an 18 per cent. return; if so, conversion may never happen and, thus, the real cost of the CLS will have been only the 9 per cent. coupon yield. Secondly that the conclusion is only relevant with voluntary conversion. Involuntary conversion reduces the ordinary share price at which the CLS will be converted.

Although the first argument is accurate, at the time the CLS is issued either it requires management to forecast future share prices better than the financially sophisticated investors who dominate the stock market, or it requires that management be consistently luckier than the astute investors.

The second comment neglects the fact that borrowers must pay a price in order to exact an involuntary conversion feature from the CLS investor. Clearly, this price will be based on the CLS investor's belief that the ordinary share price will not rise enough (to 60p in the example) to justify his voluntary conversion. The price will be the present value the CLS investor places on the difference between his expected 15 per cent. return and the return he believes is likely if conversion is involuntary.

On securities markets dominated by financially astute investors, such as London, New York and Tokyo, and others in Western Europe, South Africa and Asia, CLS is rarely, if ever a financing device preferable to the many others.

To-day, with ordinary share prices well above their recent lows, and with management seeking devices for selling ordinary shares at even higher share prices, they must guard against purveyors of the "free lunch" concept. There is bountiful evidence that in the real world, risks and rewards are highly correlated and that, hence, "free lunches" are in fact, overpriced. And they are both rare and unpredictable.

The author is a vice-president of the Chase Manhattan Bank.

The future of air transport

BY MICHAEL DONNE, recently in Paris

WITH MOST of the major airlines incurring heavy losses, as a result of the industrial recession, coupled with inflation (and especially fuel bills which have more than tripled in 18 months), the world air transport industry is anxiously seeking ways of getting out of its difficulties.

This is perhaps not, therefore, the best of times to takeover the reins of a major airline. But for one—Air France—this is precisely what has happened, with M. Gilbert Perol being recently appointed director-general (managing director) of the airline, reporting to the Board headed by the chairman M. Georges Galichon.

M. Perol, a calm and youthful-looking 49-year-old, had previously been with the airline only since late 1967 as secretary-general having before that had a distinguished career in the diplomatic service of the French Foreign Ministry, later joining the Office of the President of the Republic to run his Press and information services.

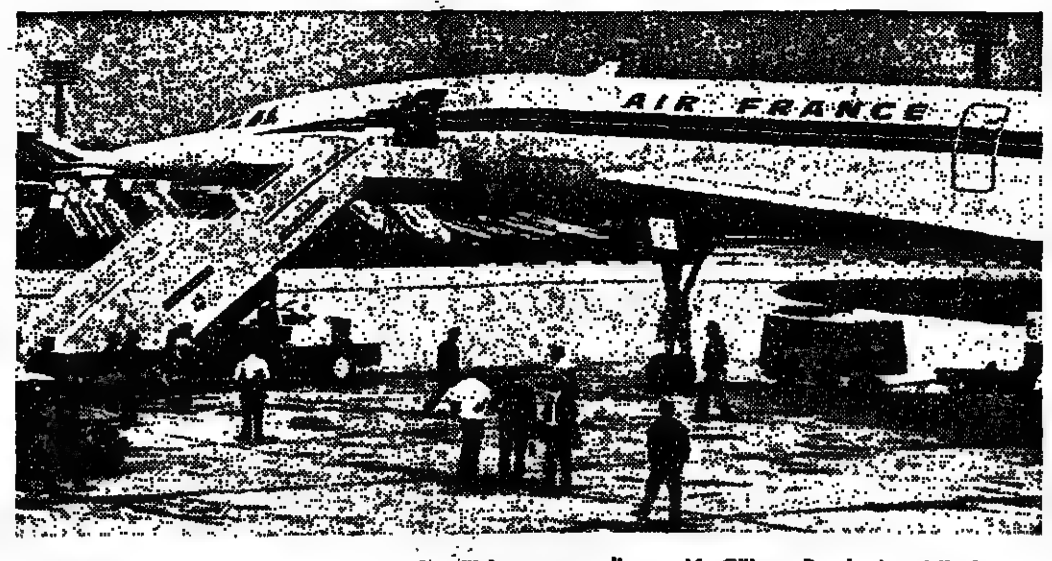
M. Perol has firm convictions not only on where Air France is going, but also where the European air transport industry itself ought to be heading.

"The problem which air transport in general faces is a fundamental question of pace. We must change our pace," he declared. "During the past 20 years, but especially in the past 10, the industry has tended to avoid the issue, and to believe that it was overcoming the problem of excessive spending by promoting traffic and developing revenues. We must admit that such a situation is over, and we must try to return to a healthier situation in which the industry tries to balance its revenues and its spending at a time when traffic cannot expand at the same rate as in the past.

"As far as Air France is concerned, we are changing gear. It is clear that the rates of expansion we knew in the past —11, 12, 13 per cent. a year on passenger traffic alone (on cargo it was even higher)—can no longer be achieved in the immediate future. We shall have to live with, and adapt ourselves to, an expansion of the order of 8 per cent. if all goes well—which is still high.

"In 1975, Air France has, as its prime target, to redress its financial position, after a very bad 1974, in which we lost about 540m. francs." This involved borrowing Frs.270m. for 15-years at 10.5 per cent.

"As far as 1975 is concerned, we are budgeting for a deficit which should not exceed Frs.170m.—a marked improvement on 1974. Beyond that, our efforts will be concentrated in three important areas. The first will be a tight control on the budget, in an effort to reduce our production costs. Our second effort will be wherever possible to improve our traffic, based on a realistic tariffs policy. We believe that the efforts made in 1974 to achieve a healthier fares structure must be continued. We cannot be in the position of an industry which sells its product at a price lower than its production cost. Finally, we must maintain the quality of the product. . . It is imperative that our customers are treated well, and offered a product both up to date and of high quality.



Concorde, in the Air France livery. "We will have an ace," says M. Gilbert Perol, the airline's new director-general.

"To achieve this, there is possibly a lot we may have to change. But we do not envisage in the immediate future any important modifications to our network, such as route closures. Our objective will be to try not to create any redundancies—which means we must try to maintain maximum operations."

Laissez-faire

M. Perol has strong views on laissez-faire policies. "We cannot afford them, they were dangerous, and they cannot be tolerated any longer. APEX (the low-fare North Atlantic Advanced Purchase Excursion system) is a formula which we can consider with sympathy, because it allows passengers to travel at a lower price while at the same time giving the airline certain guarantees (that the traffic will be there). But it must be strictly applied if it is to work, and if we cannot have those guarantees, it becomes a dangerous formula."

Asked about the possibilities of closer airline collaboration in the present economic situation, M. Perol made it clear that he was in favour of this, although he was pessimistic about achieving it. "Co-operation is similar to peace," he said. "Everyone is in favour of it. . . . But we even have problems in agreeing on minor issues. When we consider the collaboration that is required on this question of new equipment, it is difficult even to reach agreement, let alone to co-operate on it."

In the technical field, it had been possible through such consortia as Atlas (which includes Air France, Alitalia, Lufthansa, and Sabena of Belgium) to save on maintenance costs, on stocks of spares, and even on training air crews. "But as soon as it becomes a question of going further, touching on commercial matters, it gets extremely difficult. A few weeks ago we (the Atlas group) met in Brussels to discuss this question of further co-operation. We established a programme of action. I hope we shall make progress with this. I shall contribute to that progress as much as I can, but I think it will be difficult."

M. Perol said he did not see European airline collaboration going as far as the Air Union idea of complete integration, first mooted some years ago. "My personal feeling is that Air Union was too ambitious, and that even if we had reached agreement on paper, it would not have worked in practice, and that perhaps after a few trial years we would have come to a split which would have been worse than anything. So should we resuscitate Air Union now? We should preferably seek a kind of association which would be more flexible, such as actions on a bilateral basis."

Nevertheless, M. Perol still believes that it is desirable for the airlines to get much closer together in the earliest stages in determining what kind of new aircraft they buy. In this context, he feels it is imperative for the European airlines to promote the continuance of a European aircraft manufacturing industry.

Potential

"I think it would be a serious error for Europe to allow the loss of the considerable potential represented by the industries of Britain, France, Holland, etc. in the aeronautical field. There is such potential, and it must be saved—and one way to do this is to promote collaboration between the European airlines and the manufacturers."

He sees Air France's future requirements as lying mainly in the medium-haul field, in particular for a 200-seater which could succeed the present Boeing 727. "There is definitely a European aircraft to be developed along these lines, which should be able to hold its own against American models. . . . I believe that as a first step we should reach an understanding of the problem."

This, he believes, includes the fact that the American companies are currently offering equipment "which is generally good, and we are very satisfied with this. The problem for any new European aircraft is to be able to take its place alongside this American equipment—to find the right slot. In effect, we are faced with a double problem —we have not only to organise collaboration between airlines and manufacturers, but also to organise collaboration between the airlines themselves."

Before any such new 200-seater European project can be developed, however, Air France itself has a more immediate problem — replacing its fleet of ageing Caravelle short-to-medium haul jets. The French Government has strongly urged that the airline should buy the Dassault-Breguet Mercure airliner, built in France. While not commenting on this, M. Perol made it clear that he would prefer to see another new indigenous European type developed. "For the time being, I tend to look for an interim solution—a solution of leasing, hire, which should during the next five to seven years give me the tool I need, but not block my options for the future. That is my present problem."

On Concorde, which Air France together with British Airways will put into fare-paying passenger service early in 1976, M. Perol was enthusiastic: "We will have an ace," he declared. Those two airlines, having taken the financial risks with Concorde—"and God knows what a risk!"—they had the right to benefit from being the first with it on the world's air routes. But it would become necessary eventually to reach some kind of agreement with those airlines who did not have the aircraft. "It is right that we should keep a certain advantage, because we have taken a risk and it is only fair that if the risk pays off, we should benefit from it. But we must also take into consideration the problems which those companies will experience who do not have the aeroplane, and together we must find solutions to them. We shall not adopt a position of strength, but one of co-operation."

How big firms squeeze the small

Company Finance and the Capital Market—A study of the effects of firm size. By E. W. Davis and K. A. Yoemans. Cambridge University Press, £4.50 (Paperback at £2.20).

THERE ARE two parts to this statistical investigation: the first examines the relationship between the size of a firm and the discount it attracts as a new issue on the stock market. The second examines the vulnerability of small firms in a general liquidity squeeze.

At a time of tight money and few new issues on the stock market, the second part is more topical. The authors have examined a sample of 200 U.K. manufacturing companies (quoted) over 1966-1970, a period which culminated in a severe credit squeeze. One of their aims was to pit two theories against each other: the Galbraithian view of coercive trade credit in which credit is taken from suppliers according to relative trading power, and the Radcliffe view that during a squeeze companies with high liquid assets grant increased credit to less liquid companies.

Contrary to earlier research (Radcliffe Committee, Allen Meltzer, the Bolton Committee), the authors establish that size is an important determinant of corporate credit behaviour—a view that few credit managers would quibble with—and thus support the Galbraithian view that a credit squeeze is felt more heavily by small companies.

"Large firms," they write, "initiated an increase not in credit given but in credit taken at the expense of smaller firms, thereby thrusting the burden of liquidity management upon them." As a result, smaller companies depend on bank borrowing to a greater extent than large companies to alleviate cash flow deficiencies. The finding that smaller firms give substantially more credit under squeeze conditions yet have little control over their own trade creditors especially large firms, is disconcerting, even if realistic.

"Even when relatively liquid and profitable, the smaller company can be discriminated against in its supply of credit from other firms. Since our sample is of only quoted companies it would seem likely that the small unquoted firms, which were the concern of the Bolton Committee, will be at an even greater disadvantage and we would suggest that if the Committee's investigations had been continued for another two years (into an illiquid period) they would have found ample evidence of such discrimination."

R.L.

Conferences

WORLD MANAGEMENT CONGRESS, Caracas, Venezuela, November 2-6. This is the 17th World Management Conference organised by the World Council of Management, CIOS. The theme is the changing balances of economic power throughout the world.

Four main topics will be considered—new dimensions in socio-economic development, management organisation, performance, and training. Recognised authorities from many countries will be making presentations. British speakers include Sir Fred Catherwood and John Humble. Simultaneous translations into English, French and Spanish will be used.

CIOS expects about 1,600 delegates from higher to middle management and feels it will be of interest to consultants and academics as well. Further details from 17th CIOS Congress Secretariat, P.O. Box 3478, Caracas 101, Venezuela.

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FRIDAY, MAY 16, 1975

Rescue of the Mayaguez

ONCE AGAIN the U.S. has shown itself to be a very determined power when its own interests are directly involved. There was never much doubt that President Ford would be prepared to use force to rescue the SS Mayaguez and its crew: the only question was when. In the event, it was decided quite quickly that the diplomatic approach was getting nowhere and the Marines were sent in. There was also a danger that if action were delayed, the crew might have been taken to the Cambodian mainland — which would have meant a much more difficult rescue operation.

Thai protest

It is conceivable, as the Cambodians have alleged, that the Mayaguez was a spy ship or, like the ubiquitous Soviet trawlers, served a dual purpose which included the gathering of intelligence, though it has to be said that there is not much evidence of this. What matters is that the U.S. would almost certainly have taken the same action even if it had been a spy ship. A U.S. vessel with a mainly U.S. crew was unlawfully seized by an infinitely weaker power. No one who lives in the real world could have expected any other reaction—not even the Cambodians themselves, who in the end handed over the crew.

It is also notable that so far Mr. Ford seems to have had very little trouble with Congress, despite the restrictions which it has placed in recent years on the President's freedom of action. He acted within the letter of the law and he received support because, in the strictest sense, he was seeking to protect American interests. The strong diplomatic protest from Thailand at the use of its territory during the operations was obviously foreseeable: it was discounted because these interests were regarded as overriding. It is possible that the Thais will now demand that U.S. troops in their country be withdrawn even earlier than the original deadline of March next year, but the demand itself is simply a consequence of the shift in the balance of power in South East Asia. Thailand is seeking to mend its fences with Hanoi: to do that it needs to lessen its ties with the U.S. and the U.S. cannot reasonably expect otherwise.

Yet it remains that a military operation of this kind is usually judged by one simple criterion: whether it succeeds or fails. In this case, there may be one or two question marks as to whether it was overdone. Was it really necessary, for instance, to take out the Cambodian air force on the ground near Sihanoukville? It may also be that U.S. casualties were rather higher than might have been expected. Broadly speaking, however, it looks as if the test of success has been passed and that must be a relief for President Ford.

The luck

Nevertheless, success should not be taken for granted. The Americans were also lucky. It was not entirely inconceivable that the Cambodians might have reacted by treating the crew as hostages and killing them off. The U.S. would then have been faced with its old Indo-China dilemma of how far to escalate the conflict. As it happened, the Cambodians bowed to the military pressure and might even have done so without the loss of part of their air force. Thus, in the end, the Americans had a respectable case for their action. They also had the power and they had the luck. This is an unusual combination and cannot normally be counted upon. It suggests that it would be unwise to draw conclusions about how easy it is to settle disputes by force, even when superior force is available.

Paddling their own canoes

THE DECISION of the heads of nationalised industries to form themselves into a group and request a discussion of their common problems with either the Prime Minister or the Chancellor may well have been sparked off by the dispute between Sir Monty Finneston and Mr. Benn about steel redundancies, but their discontent has been mounting steadily for a long time past. Even in the days when they worked to a clear financial objective, they were much more subject to Government interference in their managerial decisions than was compatible with the idea of commercial independence within a plainly-defined area. Since the former system was suspended in the supposed interest of the anti-inflation programme, this independence to manage their own affairs has largely disappeared.

It is true that Mr. Healey is now cutting subsidies to the nationalised industries and presumably hopes before long to restore the earlier, more satisfactory state of affairs. But the real problem, as Sir Monty put it in his reply to Mr. Benn, is that Ministers and other politicians are responsive mainly to short-term pressures while the chairmen of public corporations, especially those which are engaged in major investment programmes, must take a longer-term view of their responsibilities. They have certain statutory obligations as nationalised industries and others, too, perhaps which are less well-defined. It is this grey area which they all have reason to wish better illuminated.

Clear criterion

Since different nationalised corporations are formally responsible to different Ministers, it is understandable that on general questions which affect them all they should seek access to the Prime Minister or the Chancellor. Their wish is the more reasonable because Mr. Lever has recently made it clear that some thought is now being given at this level to the various factors which together might replace the purely commercial idea of profit and enable both investment and other managerial decisions to be taken on a more rational basis. Such a criterion would presumably have to draw a clear distinction between decisions reached on purely commercial grounds and those taken on non-commercial grounds to achieve social objectives held to be desirable by the Government of the day. In some cases, obviously—perhaps most obviously, despite the belligerent optimism of Mr. Marsh, in the case of the railways — this distinction will not be at all easy to draw.

The railways, after all, had difficulty in convincing the Treasury of their case for new capital investment financed from outside even when financial objectives and arms-length discussion were still, in form at least, the terms of reference within which State-owned industries had to operate. The coal industry and the railways have both been successful in the past in cutting down their labour force to size: but the coal industry is now seeking partially to reverse the process, and a period of rising unemployment is not the time at which any Government is anxious to discuss overmanning.

Open government

Yet if the sector of industry for whose management the Government is ultimately responsible is to be widened, some means must be devised urgently of allowing the managers of individual companies and corporations to pursue wage and employment policies that make economic sense. The strongest argument against further enlargement of the publicly-owned sector is that it is too vulnerable to short-term political pressures and less likely to operate efficiently than private industry. Apart from insulating the nationalised industries from this pressure to a greater extent than at present, the greatest need is for more public discussion of their relationship with Government. Mr. Benn did not openly object to Sir Monty speaking his mind openly, and Mr. Meacher has since claimed that the Industry Bill, which will require the issue of specific directives will replace "the use of informal lunchtime directive where statutory powers of general direction were inapplicable." The 18 heads have timed their new approach well.

Are Mr. Benn and Mr. Heffer right to say that the British steel industry is suffering from Britain's membership of the EEC? **Harold Bolter,** in London, and **Robin Reeves,** in Brussels, report

Hits and misses in the clash of steel

IN THE last week the Secretary for Industry, Mr. Anthony Wedgwood Benn, and his former Minister, Mr. Eric Heffer, have made two highly controversial claims about the effect which membership of the Common Market might have on production and employment within the British Steel Corporation. They have also raised the spectre of the U.K. Government losing to the Brussels bureaucrats some of its powers to influence events in this important industry; this is one aspect of the sovereignty issue.

Mr. Benn and Mr. Heffer made their statements at a particularly sensitive time as far as the British Steel Corporation itself is concerned. At the moment the BSC management is deeply involved in a public row with Mr. Benn and the TUC steel committee over its insistence that manning levels should be reduced by about 22,000 because of the recession which has hit the steel industry.

Mr. Benn's claim, made in a recorded radio interview on London Broadcasting, was that the European Commission was holding back until after the referendum from using its power to order the British Steel Corporation to cut production. "We shan't hear from the Commission until June 5," he said. "The Commission don't want to create trouble because they want us in, and the position at the moment is that we have had a honeymoon for a year. Why have the Commission been so reasonable? Because they did not want to upset the referendum campaign."

Promptly denied

This claim, which was promptly denied by the European Commission, the Foreign Office and the British Steel Corporation, revolves around Article 58 of the Treaty of Paris. This gives the Community the power to declare a state of "manifest crisis" in the steel industry in the event of a decline in demand.

Mr. Benn said that this Article would enable the Commission to order the BSC to cut back production ". . . and whatever the BSC might want to do, the law would be laid down from Brussels that production was to be cut back. There is nothing whatever that I could do about it."

What Article 58 says, however, is that although the High Authority of the European Coal and Steel Community can indeed declare a state of manifest crisis and establish a system of production quotas, minimum and maximum prices, and import controls, it can only do so after consulting the ECSC's Consultative Committee and only with the (in practice unanimous) assent of the Council of Ministers.

Britain is, of course, represented on the High Authority, on the Consultative Committee and on the Council of Ministers. *This means that Mr. Benn could himself argue and vote against use of Article 58 as a member of that Council.* But the real question in present steel market conditions is rather why he should want to do so. For if any country has anything to gain from the provisions of Article 58 at the moment, that country is, very arguably, Britain, and more particularly the State-owned British Steel Corporation.

The point is that Article 58 does rather more than allow the High Authority to establish a system of production quotas for member countries on an equitable basis. It also allows the Authority to regulate the level of activity at the various steel undertakings, by appropriate levies on tonnages exceeding a reference level set by a general decision.

The funds obtained from these levies would then be used to support undertakings whose rate of production had fallen below that envisaged in order, *in particular, to maintain employment in these undertakings as far as possible* (our italics).

There are two further points about the effect on the British Steel Corporation of implementing Article 58:

1—It is very unlikely that the Corporation could achieve the nominally reduced output quotas which would be set for it. (Figures released yesterday show that U.K. steel production last month was 13 per cent. less than in March, and not all of the reduction was due to a fall in demand).

2—If Article 58 was activated it is virtually certain that West German steel producers would be prevented from off-loading surplus production in the U.K. market. (Mr. Heffer was right to point out that imports into Britain have increased substantially this year, and the BSC has said that it is the West Germans who are the biggest problem). And if the West German or any other ECSC producers continued to place an excessive amount of steel in Britain they would be made subject to the levy; the money thus gained would then be used to help keep BSC workers in employment.

Far from worrying about the use of Article 58, therefore, it could be argued that Mr. Benn should rush off to Brussels as quickly as he can and call for its provisions to be put into effect: they might help some of the 22,000 British steelworkers expected to be affected by the steel industry recession.

Selling prices

However, the various measures available under Article 58 can hardly be adopted piecemeal. Minimum selling prices could not be set without production quotas and import curbs, because there would be no incentive for producers to match steel production to demand: and import controls by themselves would invite retaliation from Europe's trading partners, setting in train a cycle of protectionism.

In these circumstances, it is hardly surprising that the Article 58 powers have never been used and that the Commission turned down the chance to employ them when the French steel industry's leader, M. Jacques Ferry, sought a declaration of manifest crisis last month. Because of the problems involved it is doubtful if the powers will ever be used except in a situation of real catastrophe, and in fact the ECSC authorities believe that the present European steel situation reflects little more than part of a four-year demand cycle.

Turning now to the points raised by Mr. Heffer—his claim was that the British Steel Corporation's plans for a manpower reduction of 22,000 could be attributed to Britain's membership of the Common Market; and he has said that this argument is supported by three documents prepared by members of the BSC's staff in 1971.

Mr. Heffer maintained that these documents warned that if Britain entered the EEC, British Steel would lose its markets to Continental steel makers: in addition, production of British steel would be centred on the east coast and plants in Scotland and Wales would close down.

"Both predictions have come true," Mr. Heffer said last week. "The much-vaunted expansion plans of Sir Monty Finniston, the Chairman of BSC, are in fact drastic amputations of the British steel industry designed to fit into Europe. The mass sackings of steel workers he demands are the result of the damage done to our steel industry by our membership of the Common Market and I believe the Board of the BSC has a duty to admit this."

To take first Mr. Heffer's suggestion that his case is supported by three documents prepared by members of the BSC staff in 1971, it is now understood, although the Corporation itself is reluctant to get involved in the arguments that no such documents were prepared in 1971.

Pro-Market views

However, it is true, that an article printed in 1971 mentioned three papers which had been produced within the BSC in 1967, which criticised the value of Common Market membership to the BSC. They bear the titles referred to by Mr. Heffer. But these papers were not considered worth studying by the BSC Board, however, and do not represent its views: these are still, as in 1971, most definitely pro-Market. In any case, the papers are eight years old now, and many things have changed.

Secondly, Mr. Heffer's claim that the "mass sackings" of steelworkers demanded by Sir Monty Finniston, the BSC chairman, are the result of EEC membership is equally open to challenge. It is certainly true that the British Steel Corporation lost some of its own home market to foreign suppliers last year, particularly when it could not meet demand because of the effects of the three-day week and subsequent production difficulties. These problems can hardly be blamed on ECSC membership, however.

GROWTH IN THE SIX AND IN BRITAIN

STEEL CAPACITY ('000 TONNES) IN THE ECSC BEFORE BRITAIN JOINED

	1952	1962	% increase (on 1952)	1972	% increase (on 1952)
Germany	18,629	32,563	75	43,705	135
France	10,867	17,234	59	24,054	121
Italy	3,635	9,757	168	19,813	445
Netherlands	693	2,094	202	5,585	706
Belgium	5,170	7,351	42	14,532	181
Luxembourg	3,002	4,010	34	5,457	82
The Six	41,996	73,011	74	113,147	169
U.K.	16,681	20,820	25	25,387	52

Source: ECSC Statistics

Overseas sales curtailed

It is also true that imports into the U.K. are still high, while the BSC's own efforts to sell on the Continent have not so far been crowned with success. But this might be at least partly due to the fact that the Government persuaded British Steel to curtail overseas sales last year in the interests of trying to satisfy the U.K. market.

Thirdly, Mr. Heffer is quite simply wrong to suggest that the Corporation has concentrated production on the east coast with the result that plants in Scotland and Wales are being forced to close down. The investment strategy now being studied by the Government provides for five main centres of production—Redcar and Scunthorpe (East Coast), Port Talbot and Llanwern (South Wales), and Ravenscraig (Scotland). The BSC is on record with a promise that its next major development after the first phase of this strategy would be at Hunterston, in Scotland.

It is also difficult to accept Mr. Heffer's view that the BSC's expansion plans are a form of drastic amputation designed to make the British steel industry fit into Europe. What the Corporation's development strategy actually provides for is a very substantial increase in the Corporation's production capacity (nominally 25m. tonnes now, although actual output was less than 20m. tonnes last year) which would take it up to 37m. tonnes.

The Government itself has stated that the only justification for a production increase on that scale is the prospect of substantial exports. Presumably it hopes that a lot of that growth would be absorbed by an expansion of sales to Europe of steel pro duced more efficiently an cheaply at integrated steelwork developed on the East coast o both England and Scotlan where there is excellent scop for establishing deepwater por facilities capable of acceptin bulk deliveries of iron ore.

Not called into question

It is significant that the Ste Corporation's plans to expan have not been called into que tion by the Commission, eve though fears were expressed the lead up to the original ent negotiations that the sheer s and structure of the BSC (the National Coal Board f that matter) might cause dif culties.

Nor do the Community merger controls prevent natio alisation of the remainder the private steel sector in t U.K., if that is desired. Artic 83 of the Paris Treaty sta that the establishment of t Community shall in no way p judice the system of ownersh of the undertakings to whi the Treaty applies. Mergers indeed have to be notified the Commission and it has t power to reject, amend accept. But the Commission h to ask the opinion of the Go ernment concerned, and it is rare event when the Commissi does not go along with this vie

It is true that the U. Government has lost some of theoretical control over ste prices, through the ECSC ru forbidding measures and pra tices which discriminate tween producers in the Co munity. However, the Gover ment has proved that it still h a very strong influence on pr movements, particularly by t BSC.

The European Coal and Ste Community Treaty is by means perfect. Indeed, there a great deal of sympathy on t Continent for the British G ernment's view that neit national Governments nor Commission have sufficient c trol of investment and that rules should therefore changed so that such unwelco developments as a proliferati of scrap-consuming mini m can be prevented.

As far as Britain's steelmake themselves are concerned, me bership of the ECSC has pro ded a welcome opportunity them to obtain access to enlarged market, justify their own expansion plans, w the chance of achieving pro and longer-term viability. Mea while, the present problems the BSC simply do not, on t evidence, have any connecti with our membership of t EEC.

MEN AND MATTERS

Defending jobbers, going public

Hugh Merriman agrees he heard a lot of talk in the depths of the last stock market depression about jobbing firms seeking to change their status to combat the decline in business but "we've always had faith in the jobbing system."

A faith with some foundation: after all, jobbers Akroyd and Smithers, where Merriman is chairman, made £5.7m. pre-tax in the first half of 1974-75 against £3.6m. in the whole of the previous year, and now, like Smith Brothers in mid-1973, is going public.

Merriman, who actually retires next January when he will hand over to David LeRoy-Lewis, one of the Stock Exchange Council's deputy chairmen, started his stock market career on the other side of the lines, as a broker. He arrived at Akroyd in 1949, and throughout the swings uphill and downhill of equities since then, "we've made profits every year."

LeRoy-Lewis is quick to reject the notion that jobbers make unprincipled piles of money, pointing out that net profits amount to 8p per £100 of turnover, which Akroyd reckons as the aggregate value of sold bargains.

LeRoy-Lewis qualified as an accountant and joined the R. A. Blackwell jobbing firm a year before Merriman got to Akroyd. Blackwell merged with Akroyd in 1955, and divorce followed two years later, but LeRoy-Lewis stayed behind. The present chairman says he has turned down three invitations to join the SE council; LeRoy-Lewis says he will not make his mind up whether to retire from it until re-election looms up in the middle of next year. From that platform, he has been a forthright defender of the jobbing fraternity. Yes, he says, the Americans get by without jobbers, but only with a plethora of regulations and laws.

As for Akroyd itself, it already has two outside shareholders each with 10 per cent.: Crossfriars Trust, which is in the Robert Fleming stable, and Cables Investment Trust, an Electra House investment trust. The flotation comes neatly in centenary year. There has only been one Akroyd but two great grandsons of the original Alfred Smithers still work in the firm.

"They can tell that to the marines!"

Scanlon's knot

Hugh Scanlon, leader of the Amalgamated Union of Engineering Workers, must to-day in Blackpool set about helping unravel a procedural knot with political overtones which the union has tied itself in. At the end of a four-week meeting there of the AUEW's 52-man policy-making national committee (which after two weeks became the five-yearly rules revision body), left-wingers have alleged that two "moderate" committee members are not eligible and that therefore all the work of the past four weeks could be declared invalid.

The union's seven-man national executive has been summoned to Blackpool to try to find a way out of the situation. The problem surrounds the two delegates from Wales. One, Gerry Healy, did not stand for re-election to a union office last November (required to attend the national committee). So his vote was deducted from all the voting so far. Now the Left claims the status of his co-delegate John Weakley—emerging as one of the union's leading right wingers—is in doubt because Healy should not have voted at the local committee which picked delegates.

To-day's meeting will have to decide whether both Welsh votes were invalid and, if it is decided they were, what to do about the many major decisions, including one to continue the postal balloting for all AUEW elections, which were carried by one or two votes. This will be an important and delicate matter as the 52-man national committee is very finely balanced politically with the right wing just having the edge this year.

Understandable

A headline in yesterday's French paper *Le Figaro* ran "L'Économie britannique en déconfiture" which an over-cynical colleague immediately mistranslated as "British economy in a jam."

Samuel's sale

Apart from property, two of Lord Samuel's other interests in life are impressionist paintings and farming. Now, however, his 243-acre farm in East Sussex, famed for the quality of its Landrace pigs and Jersey cows, has been put on the market.

The farm adjoins Samuel's home at Wych Cross (the title he took when created a life peer three years ago), and the agents stress that Samuel is not selling his own house, Wych Cross Place, or its beautiful gardens and a stretch of woodland.

The farm itself includes a farmhouse, one "country cottage" set in 17½ acres, six other modern cottages and four destined for renovation. The whole Wych Place property contrasts with Samuel's own middle-class beginnings in North London. He started his property career as an estate agent, moving into investment in the mid-1930s. In just over 30 years, Samuel has built up his Land Securities—it owned three houses in Kensington when he bought the company—into Britain's biggest property company.

Why the farm sell-off? Samuel, now 63, is "not available" on the subject, and a spokesman for Bernard Thorpe, the agents, who will be selling the prize-winning pig and cow herds separately, says: "I simply don't know."

Art news

Jane Stonehouse, daughter of the runaway MP John Stonehouse, has, in between her missions to find a passport and new residence for her father, arranged to hold an exhibition of her paintings in Sydney. It begins on May 27, and is called Escape.

Observer

Pearson Longman Limited

Investments in associated and other companies

The country of incorporation and the principal country of operation is shown in brackets against the name of each company.

	Issued loan and share capital	Held at 31st December 1974 % of issue	Dates of accounts used and if audited
Associated companies—Quoted:			
BPM Holdings Limited (UK)			30th June audited
151,900 £1 3·85% redeemable cumulative preference shares	£151,900	—	
650,000 £1 ordinary shares	650,000	38·5	
1,400,000 25p A ordinary units	350,000	9·9	
12,000,000 25p B ordinary units (non-voting)	3,000,000	28·2	
6¼% unsecured loan stock 1988/93	729,000	—	
Other secured loans	21,000		
Associated companies—Unquoted:			
Armand Colin-Longman S.A. (France)			31st December unaudited
500 Fr. 100 A shares	Fr. 50,000	100	
500 Fr. 100 B shares	50,000	—	
The Economist Newspaper Limited (UK)			31st December 9 months *unaudited*
4,536,000 25p ordinary shares	£1,134,000	50	
252,000 25p A special shares	63,000	—	
252,000 25p B special shares	63,000	100	
100 5p Trust shares	5	—	
Evening Mail Limited (UK)			31st December audited
100 £1 ordinary shares	£100	50	
Industrial and Trade Fairs Holdings Limited (UK)			31st December *unaudited*
210,400 £1 A shares	£210,400	—	
210,400 £1 B shares	210,400	100	
105,200 £1 C shares	105,200	—	
Langenscheidt Longman GmbH (Germany)			31st December *unaudited*
Capital stock	D.M.20,000	50	
Longman Canada Limited (Canada)			31st December unaudited
220,000 common shares of no par value	220,000	35	
2% promissory notes 1976	$400,000	35	
Management Publications Limited (UK)			31st December unaudited
25 £1 A shares	£25	—	
25 £1 B shares	25	100	
25 £1 C shares	25	—	
25 £1 D shares	25	—	
Slough Newspapers Limited (UK)			31st December audited
60,000 £1 ordinary shares	£60,000	50	
Throgmorton Publications Limited (UK)			31st December 9 months unaudited
50,050 £1 A shares	£50,050	100	
50,050 £1 B shares	50,050	—	
Wolters Noordhoff Longman BV (Netherlands)			31st December unaudited
Capital stock	Fl. 10,000	50	
Principal other investments—Unquoted:			
Catholic Herald Limited (UK)			
21,000 £1 shares	£21,000	49·8	
Reserves at 31st December 1973	6,170		
Orient Longman Limited (India)			
210,000 Rs. 10 equity shares	Rs. 2,100,000	32·9	
Accumulated losses at 30th September 1974	71,144		

Note: In the case of Catholic Herald Limited and Orient Longman Limited the investing company does not regard itself as exercising a significant influence and for this reason they are not regarded as associated companies in these accounts.

Newspapers and periodicals

Published by subsidiaries

Morning papers

Financial Times
The Northern Echo
The Oil Daily (USA)

Evening Papers

Bath and West Evening Chronicle
Evening Advertiser (Swindon)
Evening Argus (Brighton)
Evening Despatch (Darlington)
Evening Echo (Southend)
North-Western Evening Mail (Barrow-in-Furness)
Oxford Mail
Shields Gazette (South Shields)
Telegraph & Argus (Bradford)
The Yorkshire Evening Press (York)

Weekly papers

Barrow News Series:
Barrow News, Dalton News, Grange News, Millom News, Ulverston News.
Bath Weekly Chronicle:
Keynsham Weekly Chronicle
Bedford Record Series:
Ampthill News, Bedford Record and Circular
Bedfordshire Times
Bexhill-on-Sea Observer
The Bicester Advertiser and Mid-Oxon Chronicle
Biggleswade Chronicle
Brighton & Hove Gazette
The Buckinghamshire Advertiser and County Gazette:
Amersham Chesham Advertiser
Bucks Free Press (bi-weekly)
Crawley and District Observer
Darlington & Stockton Times
Dover Express and East Kent News
Durham Advertiser Series:
Auckland Chronicle, Aycliffe Chronicle, Consett Guardian-Chronicle, Courier, Durham Chronicle, Durham Advertiser
Peterlee Chronicle, Stanley News, Washington Chronicle
East Grinstead Observer
Edgware Post Series:
Boreham Wood + Elstree + Barnet Borough Post, Edgware and District + Barnet Borough Post
Folkestone, Hythe & District Herald
Folkestone and Hythe Gazette
Gravesend & Dartford Reporter
Harrow Observer Series (bi-weekly):
Harrow Observer, Wembley Observer
Hastings and St Leonards Observer
Hendon Times Series:
Edgware & Mill Hill Times, Finchley Times, Hendon Times
The Herald Series (Oxford):
Abingdon Herald, Didcot Herald, Wallingford Herald, Wantage Herald
Hillingdon Mirror
Keighley News:
Bingley Guardian
Kentish Times Series:
Beckenham Journal, Bexleyheath & Welling Observer, Bromley Times, Chislehurst Times, Dartford & Swanley Chronicle, Eltham Times, Erith & Crayford Observer, Orpington Times, Sidcup Times
Middlesex Advertiser and Gazette Series:
Hayes Gazette, Middlesex Advertiser and Gazette, Ruislip-Northwood Gazette
Middlesex County Times Series:
Ealing Gazette, Greenford & Northolt Gazette, Southall Gazette, Mid-week Gazette
Milton Keynes Express
News Post (South Shields)
North Herts Gazette Series:
Hitchin Gazette, Letchworth and Baldock Citizen Gazette, Stevenage Gazette
Northumberland Gazette:
Morpeth Gazette
The Oxford Times
Shields Weekly News:
Wallsend Weekly News
Somerset Guardian/Standard
South East London & Kentish Mercury
Southend and District Standard
Standard Recorder (Basildon, Billericay and Wickford)
Surrey Herald Series:
Staines & Egham News, Surrey Herald, Woking Herald
Sussex Express and County Herald
Thurrock Gazette
Wembley News
West Herts and Watford Observer
West London Observer
West London Post Series:
Acton Gazette and West London Post, Shepherds Bush Gazette/Hammersmith Post
The Westmorland Gazette
Whitley Bay Guardian Seaside Chronicle
Wiltshire Gazette & Herald
The Wiltshire Times and News Series:
Chippenham News, The Wiltshire Times
Witney and West Oxfordshire Gazette
Yorkshire Gazette & Herald Series:
Malton Gazette & Herald, Pickering Gazette & Herald, Selby Gazette & Herald, Yorkshire Gazette & Herald

Sports papers

Evening Argus Classified (Brighton)
Football Pink (Swindon)
The Green (South Shields)
Sports Chronicle (Bath)
Sports Despatch (Darlington)
Sports Final (Barrow-in-Furness)
Sports Mail (Oxford)
Sports Press (York)
Yorkshire Sports (Bradford)

Periodicals

Apollo
The Banker
Buckingham and Berkshire Countryside
The English Historical Review
Essex Countryside
Fairplay International Shipping Weekly
Funeral Service Journal
Hertfordshire Countryside
History Today
Keesing's Contemporary Archives
The Practitioner
Professional Administration
A substantial list of specialist medical, scientific and academic journals and business and commercial newsletters

Annuals

The British Antiques Yearbook
The International Antiques Yearbook
The Annual Register of World Events
Financial Times Management Diary
The Financial Times International Business Year Book
Medical Directory
Mining International Year Book
Oil & Gas International Year Book
Who's Who in World Oil and Gas
Who is Where in World Banking
Who Owns What in World Banking

Published by other companies

(50 per cent owned)

Evening paper

Evening Mail (Slough)

Periodicals

The Economist
Investors Chronicle and Stock Exchange Gazette
Money Management and Unitholder

Produced by Charles Barker City Limited in conjunction with Pearson Longman Limited. Printed by Harrison & Sons Ltd., High Wycombe, Bucks.

FT FINANCIAL TIMES · WP WESTMINSTER PRESS · LONGMAN · PENGUIN · LADYBIRD

Pearson Longman Limited
Report and Accounts 1974

Chairman's statement

The year 1974 was one of mixed fortune for Pearson Longman. Twelve months ago I remarked that our book companies had made an excellent start to the year, although I noted that the newspaper businesses were already showing lower profits than in 1973 which was, of course, an exceptional year for newspaper advertising. This pattern continued through the year with the result that the book companies produced their highest profit so far, but this improvement was more than offset by the lower earnings of our newspapers.

The group profit before tax was £11,510,000 which compares with the profit before tax for 1973 of £14,653,000 and with £11,794,000 in 1972. The profit after tax and after deducting profits attributable to minority interests, but before bringing in extraordinary items, was £5,368,000 against £6,576,000 in the previous year.

The charge for taxation of £5,997,000 includes £1,400,000, the payment of which is postponed under the stock appreciation relief provisions announced by the Chancellor on 15th April 1975. The amount so postponed has been credited to Deferred Taxation Account.

In previous years we have given a breakdown of trading results in the Directors' Report, showing the turnover and profit for each of our main activities. Although it was possible from this analysis to discern the general pattern of trading of our three main subsidiaries, The Financial Times Limited, Westminster Press Limited and Longman Penguin Limited, the analysis did not state the position precisely, since all three companies publish periodicals for which only combined figures were given. We have therefore decided to change to a simple analysis by company, since by far the most important activities of our three main businesses are well understood to be the national newspaper, the regional newspapers and book publishing respectively.

We have also decided that each company should bear interest at commercial rates on all its borrowings, including borrowings from the parent company. The analysis of profit before taxation in the Report of the Directors takes account of this change, and in the Group Financial Record the results for the first four of the five years to 31st December 1974 have been adjusted correspondingly.

We are fortunate in that our book publishing group, Longman Penguin, with its high proportion of revenues derived from overseas, is to some degree independent of the fluctuations in the British economy. Total turnover in 1974 showed an increase of nearly 25 per cent over that of the previous year and profits before tax were up from £4,635,000 to £5,478,000.

Newspaper businesses, on the other hand, depend almost entirely on the state of the home economy. In 1974 they had to meet an enormous rise in costs, at a time when the demand for advertising space had slowed down and when necessary price and advertising rate increases were delayed as a result of the restrictions imposed by price control. The 8½ per cent increase in the turnover of the Financial Times Group was insufficient to meet its higher costs and consequently its profits before tax fell from £2,973,000 to £1,608,000. The Westminster Press Group turnover increased by £8,000,000, partly as a result of the acquisition of eighteen weekly newspapers in Kent and Sussex on 30th November 1973. These apart, its turnover rose from £32,575,000 in 1973 to £36,423,000 in 1974, an increase of about 11¾ per cent. But again higher costs reduced profits after interest and before tax from £6,018,000 to £3,136,000.

We are much concerned at the effect which inflation has had on all our businesses in 1974. All of them, whether in book publishing or newspapers, are greatly affected by increases in the prices of paper and newsprint, which in broad terms have doubled in the last two years. Moreover, production costs—mainly wages—have been rising at an unprecedented rate. The burden of such increases bears heavily on newspapers through the profit and loss account. The effect on book publishers is more subtle, in that although they sell their old stocks profitably, the subsequent outlay in replacing stocks is enormously increased. Under the twin burdens of price control and heavy taxation it has become increasingly difficult to generate sufficient after-tax earnings to finance the large increases in working capital which high inflation rates bring in their train. Fortunately, Pearson Longman was well placed at the beginning of the year under review and there are signs that the rate of increase in paper and newsprint prices is now slackening. Moreover, the Chancellor's concessions to which I have already referred will go some way towards alleviating the situation. Nevertheless, the effect on our group balance sheet is plain to see in the rise in values of stocks and debtors less creditors, from £21,000,000 at the end of 1973 to £27,500,000 at the end of 1974. Insofar as about one third of this increase reflects the growth in our book publishing turnover overseas, the increase is perhaps acceptable, but to the extent that it merely reflects inflation of costs, it requires companies to generate more cash if they are to maintain, let alone expand and re-equip their businesses.

We have taken such action as we can to counter the damage caused by inflation, and we are trying to ensure that employees are properly informed about this and other factors affecting their company's position.

I believe that this process is contributing significantly to a better understanding of the realities of the situation. I hope that it will be developed constructively in the future, and lead to further improvements in working relations.

I should perhaps comment briefly on the proposed new legislation permitting the establishment of union closed shops in newspapers. No one can yet be sure how this will work out in practice. Both in the *Financial Times* and the Westminster Press the firm policy has traditionally been to afford the editors full authority over the contents of the newspapers for which they are responsible. We do not believe that a newspaper can function effectively in the public interest without this authority which must be respected both by shareholders and by those who work in the newspapers. I hope that this policy will not, in fact, be challenged but in any event our determination to maintain it is unshakeable.

Dividend

The ordinary share dividend which, inclusive of tax credits, totalled 6.063p per share for 1973 is being raised by approximately 12½ per cent, the maximum permitted by law. Accordingly, dividends as proposed for 1974 will total 6.817p per share inclusive of tax credits.

Board and other changes

Before concluding, I should like to refer to a number of changes in the composition of our principal boards since my last statement.

Last June, Mrs. Campbell-Preston retired from the board of Westminster Press, of which she had been a member since 1945 and chairman since 1953. The years during which she has presided over their affairs have seen great changes in our provincial businesses and we owe her an immense debt for her successful and imaginative leadership of so widely spread a group. She is succeeded as chairman by the Duke of Atholl, who has been a member of the Westminster Press board since 1961.

In April of this year Lord Drogheda, having reached retirement age, retired from the board of the *Financial Times*, and I have succeeded him as chairman of that company. Lord Drogheda's connection with financial journalism began more than forty years ago, when he joined the then *Financial News*. Since the merger of the *Financial News* with the *Financial Times* in 1945 the paper has grown immeasurably in prestige, influence and prosperity under his management and latterly under his chairmanship. It was particularly fitting that news of the granting to the *Financial Times* for the second time of the Queen's Award to Industry for export achievement was received just before he retired. We are indeed grateful to him and I am happy to say that he has agreed to remain on the board of Pearson Longman as a non-executive director, and in a similar capacity on the boards of certain associated companies of the group.

In November 1974 the board of Pearson Longman was strengthened by the election of Mr. J. F. G. Chapple, chairman of Longman Group, and of Mr. E. J. B. Rose, chairman of Penguin Books.

Conclusion

Taken overall, the group has made a fair start in 1975. The book companies show signs of having another successful year's trading with strongly increased sales in overseas markets already in evidence. The newspapers are finding the going harder. They cannot expect greatly increased revenues until the economy improves, and yet they are assailed on all sides by heavy increases in costs. Streamlining of costs in the newspaper industry has become essential if its financial soundness is to be re-established and its independence preserved.

I would like to conclude by thanking on your behalf all those who are employed in the group. The continuation of the well-being of the enterprise depends in no small measure on their efforts and enthusiasm, which have been so ably demonstrated in a difficult year.

Gibson
Chairman

Pearson Longman Limited

The Financial Times

FT

The Financial Times Group publishes Europe's leading business newspaper. Through this and the group's other activities it provides a service of news and comment essential to decision-makers in business and government in the United Kingdom and abroad.

Nearly a quarter of the Financial Times' advertisement revenue emanates from overseas advertisers.

Lord Drogheda, who retired as chairman and chief executive of The Financial Times in April 1975 after forty years with the group.

The specialized expertise upon which the service is based is unique to the Financial Times Group and has been built up over many years.

The newspaper's circulation and coverage reflect the increasingly international nature of business. Nearly a quarter of its advertising and circulation revenue came from overseas in 1974 and this proportion is growing.

While specializing in business affairs, the *Financial Times* provides a complete news coverage for its readers. Businessmen rely on accurate information about world events and political trends and the news pages carry full reports of home and international affairs. The regular arts page adds to both the quality and scope of the service the newspaper offers.

The FT Index is accepted as the prime indicator of United Kingdom stock market activity and the newspaper publishes a comparison of the indices of international financial centres, providing the reader with an accurate reference.

Apart from a complete service of company and international stock market news, the *Financial Times* covers a large number of related subjects, from mining and commodities to farming and world prices. *Financial Times* surveys have established a reputation for their balanced and informative approach.

Editorial quality is also the hallmark of the group's other interests; it publishes *The Banker* magazine, the leading publication on all aspects of banking, *Apollo*, the international magazine of the arts, and *History Today*. The group also has a 50 per cent interest in *The Economist*, a publication of world-wide influence and prestige.

Another associated company is Throgmorton Publications which publishes the *Investors Chronicle*. The latter is expanding and improving its content to meet the changing emphasis of investment and to cover a wider field of investment than the stock market alone.

The remaining Financial Times Group activities are in its Business Enterprises Division. This division's responsibilities include *The Oil Daily*, the leading publication in its field in the United States, and the weekly magazine *Fairplay*, which continues to be the most influential weekly on international shipping. Other successful ventures of this division are the publication of a wide range of newsletters and the organising of *Financial Times* conferences on important topics. These were held in 1974 in Kuala Lumpur, Houston, Beirut, Oslo, New York and Frankfurt, as well as in the United Kingdom. An impressive international programme of conferences is planned for 1975.

The group also has a significant interest in the successful Industrial and Trade Fairs Holdings. In addition to a large programme in the United Kingdom it has again organised the British Exhibition in China.

The Financial Times maintains an extensive library for the use of its editorial staff and its SVP business information service.

Pearson Longman Limited

Penguin publishes a very wide range of titles and during its forty years of publishing has built up an unrivalled reputation for quality paperbacks. An effective marketing device is the gift set which at Christmas sells an additional million and a quarter books.

Penguin

As well as being a household word in the United Kingdom the Penguin imprint has come to mean quality to readers all over the English-speaking world.

Penguin celebrates its fortieth birthday in July. Its policy is to publish books that are "high class but not necessarily highbrow". They are intended to entertain, inform and stimulate the interest of English-speaking readers internationally. The company sold forty-four million books last year, some five million more than the year before.

With four thousand five hundred titles in print, Penguin publishes a very wide range of books. The Orange list includes a large selection of good quality English fiction, crime stories, and non-fiction books on subjects like travel and exploration. The Penguin English Library including most of the English language classics, also forms part of the Orange list and has established a reputation of its own for the quality and selection of books offered. Of the four hundred and sixty-five new titles planned this year one hundred and thirty-seven are for the Orange list.

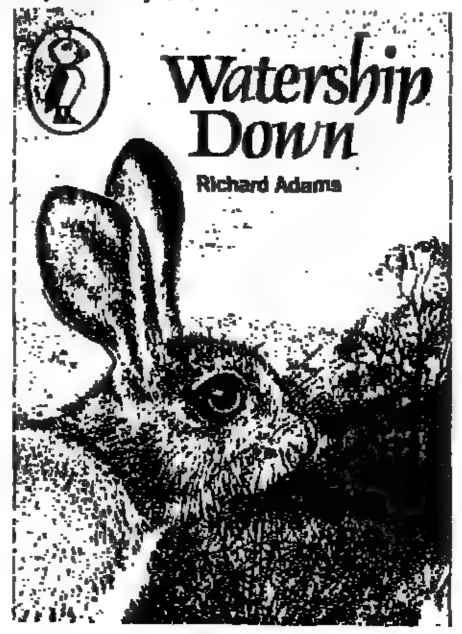
Pelicans are books published especially for people who want to inform themselves. The range of the Pelican list makes it a major source of informal education.

For children Penguin publish Puffin books which are a continuing success story of their own. Puffin sales in 1974 were nearly nine million books. The hard cover Kestrel books are also aimed at this market.

Last year's sales included successes like *Watership Down* which sold seven hundred and fifty-eight thousand copies, and *The Great Gatsby* which sold over six hundred thousand copies as well as old established favourites like *Animal Farm* which year after year sell over two hundred thousand copies. But the secret of the company's success, and the reason for the total sales value of £13,600,000, lies in the range of books in the back list which are bought and read over and over again every year. New books continually bring Penguin's list up-to-date and provide the quality and breadth which maintain the company's pre-eminence.

Penguin has subsidiaries in Australia, New Zealand, Canada and the United States. Elsewhere it has direct accounts with leading booksellers and also uses agents. Last year 52 per cent of sales were overseas. Penguin's experience has been that demand for paperbacks does not fall during a depression and it remains confident that it can continue to sustain and increase sales in the United Kingdom and abroad.

Watership Down was an outstanding publishing success for Penguin and sold over three quarters of a million copies last year.



Ladybird

The Ladybird imprint is familiar to parents and children all over the world. The company made record sales in 1974 of twenty-four million books. It is currently exporting over 20 per cent of output and Ladybirds have been translated into nearly fifty languages including Arabic and Japanese.

The concept of the Ladybird is simple. The books are hardback, of uniform size and format. The expanding publishing list consists of three hundred and seventy carefully chosen titles which range between easy readers for very young children and information books for higher age groups. The list includes several educational series such as the highly successful *Key Words* reading scheme which is used extensively by schools and parents in Great Britain and overseas.

Last year Ladybird published the first titles in a new *Sunstart* reading scheme for the Caribbean. The scheme is expected to make a significant contribution to Ladybird sales in that part of the world. *Sunstart* books will also be of interest to United Kingdom schools that have a high intake of immigrant children.

The dynamic publishing policy of the company is reflected in two recently introduced series; *Talkabouts*, which develop vocabulary and visual concepts at the pre-school stage and *Leaders*, which provide simple, informative books for older children.

All Ladybirds sell at a low uniform price and represent exceptional value for money. The company is confident that demand for Ladybirds will continue to grow, and is building up its production capacity to serve expanding markets at home and abroad.

The Ladybird format, familiar to so many children and parents in this country, finds a ready market abroad. Ladybirds have been translated into nearly fifty languages.

Pearson Longman Limited

Longman Penguin

Longman
Longman is a major British educational and medical publisher. It is also the oldest established, and celebrated its two hundred and fiftieth anniversary in 1974. The company sells on a world-wide scale; about a third of its sales volume is in the United Kingdom with the remainder spread between Africa, the Arab world, Asia, Australasia, Europe and North and South America. This international spread gives it considerable advantage at a time of wide variation in economic conditions throughout the world. Quality is an equally important factor in Longman's success. Its books are market leaders in their own fields and include a full range of educational books from primary readers to specialist scientific and medical books, many of which are geared to the specific requirements of individual countries and regions. The company is determined to maintain its reputation for quality in the educational and medical fields. It is not only adding to its publishing lists in line with market research on a considerable scale, but is also continuing to develop teaching and learning programmes which include audio-visual aids and cassettes.

The company will thus benefit from the still increasing educational and medical expenditure of the developing world as well as strengthen its sales nearer home.

Longman has recently established a subsidiary in the United States to provide a firm base for future expansion which will be led by increased publishing and selling activity in the medical field.

The African Division has been extremely successful. In 1974 outstanding results were achieved by Longman Nigeria where the company hopes to play a full part in the government's plans for universal primary education.

Longman develops and markets teaching aids as well as providing more conventional educational material.

With two thirds of the Longman sales volume overseas, its books are despatched to most parts of the world.

Longman has also developed considerable markets in South East Asia, the Far East and Australasia. This market as a whole has possibilities for expansion.

In Europe the sales of the English Language Teaching Division are growing fast, mainly through joint companies in Germany, France and Holland in association with important national publishing houses. Longman now also has offices in Athens, Copenhagen, Madrid and Milan.

The publishing and selling of books for the teaching of English as a foreign language is also the backbone of Longman's activity in the Arab world. Longman already has considerable sales in the area and expects to play a full part in the tremendous educational development which is taking place.

The quality and range of Longman's publishing allows it to market its books throughout the world. The company will continue to make the most of its great educational publishing and trading skills so as to maintain and develop its unique position in international publishing.

Pearson Longman Limited
Subsidiary Companies

At 31st December 1974 the company's direct active subsidiaries, all classes of whose shares were 100 per cent owned and all of which were incorporated and operated mainly in Great Britain, were:

The Financial Times Limited
Westminster Press Limited
Longman Penguin Limited

There is a large number of companies owned by these subsidiaries. The directors consider that a complete list would be of excessive length and accordingly the list which follows includes only active subsidiaries. Unless otherwise shown, all classes of these companies' shares were 100 per cent owned. The companies which feature the names of countries in or against their titles were each incorporated or registered in those countries and the other companies were incorporated in Great Britain. The companies listed operated wholly or mainly in the country of incorporation unless otherwise shown.

Companies engaged in printing and publishing newspapers and periodicals

Subsidiaries of The Financial Times Limited

Apollo Publications Inc (USA), Fairplay Publications Limited, FT Publications Limited (operated mainly in USA), St. Clements Press Limited.

Subsidiaries of Westminster Press Limited

Dover Express & East Kent News Limited (90 per cent of share capital owned), *The Gravesend and Dartford Reporter Limited, Kentish Times Limited, The National Press Agency Limited, *F. J. Parsons Limited, *F. J. Parsons (Kent Newspapers) Limited, F. J. Parsons (Property) Limited, *The Southern Publishing Company Limited (70 per cent of ordinary and 100 per cent of preference shares owned), Sussex Express & County Herald Limited (88·7 per cent of share capital owned), T. W. Thornton Limited.

*These companies are also engaged in general printing.

Companies engaged in general printing

Subsidiaries of Westminster Press Limited

Beck & Partridge Limited, T. & A. Constable Limited (Scotland).

Companies engaged in book publishing

Subsidiaries of Longman Penguin Limited

Longman Holdings Limited, Longman Group Limited, J. & A. Churchill Limited, Longman Group (Far East) Limited (operated mainly in Hong Kong), Longman Group (Overseas Holdings) Limited, Longman Australia Pty Limited, Longman Caribbean Limited (Trinidad), Longman Inc (USA), Longman Kenya Limited, Longman (Malawi) Limited, Longman Malaysia Sendirian Berhad, Longman Nigeria Limited (60 per cent of share capital owned), Longman Rhodesia (Private) Limited, Longman Southern Africa (Pty) Limited (South Africa), Longman Tanzania Limited, Longman Uganda Limited, Longman Zambia Limited, Longman Paul Limited (New Zealand), Willem Gouws (Pty) Limited (South Africa) (52 per cent of share capital owned), Penguin Books Limited, Penguin Books Australia Limited, Penguin Books Canada Limited, Penguin Books Inc (USA), Penguin Books (NZ) Limited (New Zealand), Penguin Warehousing & Distribution Limited, Penguin Overseas Limited, Ladybird Books Limited.

Pearson Longman Limited

Westminster Press

Westminster Press is made up of daily and weekly newspapers and general printing businesses. The company includes more than sixty newspapers selling more than five million copies every week and employing nearly six thousand nine hundred people.

Whereas the group's eleven daily newspapers provide a service of international, national and regional news, the weeklies concentrate on local news for local people. These have a particularly close relationship with their readers.

The success of Westminster Press newspapers in their areas is shown by the high proportion of households in which they are read. Local newspapers play a vital role in their communities, and the editorial independence of Westminster Press papers is an essential element in their success.

The newspapers aim to be directly relevant to the day to day life of the individual reader and are strongly identified with the communities they serve. Local government, schools, rates and VAT collection methods have all been subjects for editorial scrutiny in the recent past. The readers are by no means sleeping partners. Over forty thousand readers' letters are published in Westminster Press newspapers every year. In addition, between ten and fifteen thousand readers have their individual queries answered by the group's inquiry bureau based at York.

Through its classified and display advertising Westminster Press provides market-place facilities for thousands of advertisers in many parts of the country. Local advertisers predominate, but national concerns can reach the sizeable proportion of local newspaper readership that sees no national daily.

Westminster Press prides itself on the technical progress it has made. It already uses computer linked photo composition at ten of its publishing centres and web offset printing is used for more than two thirds of the weekly papers. Widespread use is made of computers in production and commercial applications. Substantial investment has been made in colour printing and automated packaging, and 1974 saw the first installations of visual display units. Whichever production system is used, there is a constant effort to improve the appearance of the newspapers. The group's *Northern Echo* was overall winner of the Newspaper Design Award for morning and Sunday regional newspapers, and other awards were received by four group newspapers.

Westminster Press is always looking for opportunities to develop. In 1974 new newspapers were launched in Stevenage and Milton Keynes. They will be developed to provide the service to readers and the local community that has become a Westminster Press tradition.

Farmers form an important part of local newspaper readership. Karen Berden, a Westmorland Gazette trainee reporter, talks about the effects of winter on livestock with a Fell farmer.

Advanced type-setting techniques are installed at many Westminster Press offices. A long-serving employee and an apprentice examine a visual display keyboard, part of the photo-setting plant used by the Surrey Herald, Chertsey.

Pearson Longman Limited Notice of meeting

Notice is hereby given that the annual general meeting of Pearson Longman Limited will be held at Bracken House, 10 Cannon Street, London EC4P 4BY, on Friday, 6th June 1975 at 10.30 a.m. for the following purposes:

1 To receive and consider the report of the directors and the audited accounts for the year ended 31st December 1974, and to declare a dividend.
2 To re-elect directors retiring.
3 To resolve that the remuneration of the auditors be agreed by the directors.

By order of the Board
G. A. S. Collett
Secretary

14th May 1975

Notes

1 Ordinary shareholders only are entitled to attend and vote at this meeting. Any such shareholder may appoint one or more persons (whether members of the company or not) to act as his proxies to attend and vote instead of him. The form of proxy for use at the meeting must be deposited, together with any power of attorney or authority under which it is signed, at Lloyds Bank Limited, Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex BN12 6DA, not less than 48 hours before the time appointed for the meeting. An appropriate form is enclosed. Completion of the form will not preclude your personal attendance at the meeting if you so wish.

2 One director has a contract of service with a subsidiary company which cannot be determined by the employing company within one year without payment of compensation. A copy of this contract will be available for inspection at the company's registered office during the usual business hours on any weekday (Saturdays and public holidays excluded) until the day of the annual general meeting. It will also be available at the place of the meeting, during and for 15 minutes before it. No other director has a contract of service with the company or any of its subsidiaries which cannot be determined by the employing company within one year without payment of compensation.

هكذا في الأصل

Pearson Longman Limited

Directors and administration

Directors
Lord Gibson (Chairman)
Lord Allan of Kilmahew DSO OBE (Deputy Chairman)
Sir Frederick Bishop CB CVO
C. R. E. Brooke
J. F. G. Chapple
The Earl of Drogheda KG KBE
D. Meinertzhagen
W. B. Morrell
Sir Gordon Newton
Lord Poole PC CBE TD
E. J. B. Rose
F. Taylor

Secretary
G. A. S. Collett FCIS ACII

Registered office
Bracken House, 10 Cannon Street,
London EC4P 4BY
Registered in England Number 329151

Registrars
Lloyds Bank Limited, Registrar's Department
The Causeway, Goring-by-Sea, Worthing,
West Sussex BN12 6DA

Auditors
Deloitte & Co.

Bankers
Midland Bank Limited

Solicitors
Freshfields

Trustees for loan stockholders
The Law Debenture Corporation, Limited

Trustees for debenture stockholders
The Prudential Assurance Company Limited

Report of the directors

The directors have pleasure in presenting the accounts for the year ended 31st December 1974.

Profit and appropriations

	£	£
The net profit of the group attributable to Pearson Longman Limited before bringing into account extraordinary items is		5,368,130
which after adding extraordinary items of		284,831
gives a total of		5,652,961
from which the following appropriations for dividends are made:		
preference dividends (including provision for dividends accrued for the three months to 31st December 1974)	22,183	
interim ordinary dividend of 1·4p per share (equivalent with the tax credit to 2·0896p per share) paid on 18th November 1974	576,636	
proposed final ordinary dividend of 3.073p per share	1,266,741	
		1,865,560
Balance retained and added to reserves:		
Capital reserves	399,640	
Revenue reserves	3,387,761	
		£3,787,401

The proposed final ordinary dividend will entitle United Kingdom shareholders to a tax credit which, in line with the Chancellor of the Exchequer's proposals outlined in his budget speech of 15th April 1975, will be thirty-five sixty-fifths of the actual amount received and it will therefore be equivalent to a gross dividend of 4.728p per share. On this basis the ordinary dividends total 6.817p per share gross compared with 6·06375p per share gross last year.

The final ordinary dividend will, if approved, be paid on 2nd July 1975 to shareholders on the register at the close of business on 27th May 1975.

For further comment on these results and on the outlook for the future, shareholders are referred not only to the rest of this report but also to the chairman's statement and to the reviews of the activities of principal subsidiary companies which appear on pages 1, 2, 3, 10 and 11.

Share capital
At the extraordinary general meeting held on 17th October 1974, shareholders approved resolutions giving them the option of electing to take the interim ordinary dividend in respect of 1974 in scrip. The election was exercised in respect of 2·08 per cent of shares in issue as a result of which 18,643 additional ordinary shares capitalised at a value including share premium of £11,782 were issued on 15th November 1974 in lieu of cash interim dividends of £11,988.

Principal activities of the group and significant changes
The group of which your company is the parent is engaged in the publication of books and newspapers and to a lesser degree in the publishing of periodicals and in general printing. The newspapers and periodicals are scheduled on page 12.
During the year under review, the most significant changes occurred through:
(a) the disposal of the group's interests in The Financial Mail (Pty) Limited (South Africa) and International Language Centre (France) S.A.
(b) the dilution of the group's interest in the equity of Longman Nigeria Limited to 60 per cent as a result of the issue by that company of additional ordinary shares to Nigerian citizens.
(c) the acquisition for cash on 1st May 1974 of the assets of The Oil Daily, a daily newspaper circulating mainly in the United States of America, for a total of U.S. $950,000 including contingent payments of U.S. $225,000 on each of 30th April 1975 and 30th April 1976.

Fixed assets
The increase in fixed assets arises largely from expenditure on buildings and plant at various centres.

Valuations
In the light of the present economic situation and in particular the uncertainties as regards property values, the directors feel unable this year to quantify the excess of the estimated current market value of the group's properties over their related book value but are of the opinion that the aggregate current market value is in excess of balance sheet book value.

Turnover and profitability
The following table shows the turnover and profit before taxation attributable to the three principal subsidiary groups and the holding company:

	1974 Turnover £000	1974 Profit £000	1973 Turnover £000	1973 Profit £000
The Financial Times Limited (National newspaper)	17,398	1,608	16,010	2,973
Westminster Press Limited (Regional newspapers and general printing)	40,812	3,136	32,814	6,018
Longman Penguin Limited (Book publishing)	34,589	5,478	27,780	4,635
Pearson Longman Limited (Financial)	—	(216)	—	(532)
	92,799	10,006	76,604	13,094

With effect from 1st January 1974 interest has been charged on certain inter-company advances. The analysis of profit before taxation for 1973 has been adjusted as if similar inter-company charges had been made in that year, though the total profit remains unchanged.

Geographical analysis
The geographical analysis of results is as follows:

	1974 Turnover £000	1974 Profit £000	1973 Turnover £000	1973 Profit £000
United Kingdom	67,356	6,142	56,706	9,731
Europe	4,974	651	3,922	631
Africa	5,403	1,024	5,367	1,058
Australasia	4,004	633	3,107	511
Asia	4,818	845	3,146	567
North America	5,178	523	3,505	424
South America	1,066	188	851	172
	92,799	10,006	76,604	13,094

Exports
The group's exports of goods during 1974 totalled £15,336,000 (1973 £11,146,000). In addition, exports of services during 1974 amounted to £3,516,000 (1973 £2,980,000).

Employees
During 1974 the average number of United Kingdom employees of the group was 12,218 (1973 10,239) and their aggregate remuneration £28,189,000 (1973 £22,405,000).

Charitable and political contributions
Charitable contributions made by the group in the United Kingdom during 1974 totalled £42,579 (1973 £52,988). Political contributions were £100 (1973 £75).

Directors
The present directors are listed above.

The directors who retire by rotation are Mr. C. R. E. Brooke, Lord Drogheda and Mr. W. B. Morrell, who, being eligible, offer themselves for re-election.

In accordance with article 84 of the company's articles of association, Mr. J. F. G. Chapple and Mr. E. J. B. Rose, who were appointed directors on 14th November 1974, retire from office, but, being eligible, offer themselves for re-election.

The directors' interests are disclosed on page 5. None of the directors has any option on the company's shares or loan stock.

At no time during the year has any director had any material interest in a contract with the company, being a contract of significance in relation to the company's business. In this context the word "company" includes any subsidiary of the company.

Principal shareholders
The company is a subsidiary of S. Pearson & Son, Limited which on 18th April 1975, a date within one month of the date of the notice of meeting, directly or indirectly owned 26,200,438 ordinary shares representing 63·56 per cent of the issued ordinary shares of the company.

There appeared to be no other single shareholder holding more than about 2·05 per cent of the ordinary capital at that date.

The directors are of the opinion that the close company provisions of the Income and Corporation Taxes Act 1970, as amended, do not apply to the company.

Auditors
Deloitte & Co. continue in office in accordance with the provisions of the Companies Act, 1948. A formal resolution will be proposed at the annual general meeting that their fee be agreed by the directors.

By order of the Board
G. A. S. Collett
Secretary

Bracken House
10 Cannon Street
London EC4P 4BY

1st May 1975

Pearson Longman Limited

17 Creditors include group—£22,902 (1973 £9,489) company—£7,500 (1973 £5,500) owing to fellow subsidiaries. The group creditors also include a provision of £343,500 (1973 £391,000) made by one subsidiary for ex gratia and other allowances.

18 Dividends payable	1974 £	1973 £
Preference dividends accrued for the three months to 31st December 1974	5,546	5,546
Interim ordinary dividend	—	576,842
Proposed final ordinary dividend	1,266,741	1,121,839
	£1,272,287	£1,704,227

19 Deferred taxation includes stock appreciation relief of £636,737 in respect of 1973 and £1,400,000 in respect of 1974.

20 Share capital of Pearson Longman Limited		Shares		£	£
(a) Authorised					
5½% cumulative preference shares of £1 each		260,000			260,000
7% cumulative preference shares of £1 each		260,000			260,000
Ordinary shares of 25p each		46,000,000			11,500,000
					£12,020,000
(b) Issued and fully paid					
5½% cumulative preference shares of £1 each		258,208			258,208
7% cumulative preference shares of £1 each		259,064			259,064
Ordinary shares of 25p each:					
At 31st December 1973	41,202,987		10,300,747		
Issued on election to take shares in lieu of the interim dividend (note 8)	18,643		4,660		
At 31st December 1974		41,221,630			10,305,407
Total issued share capital:					
At 31st December 1974					£10,822,679
At 31st December 1973					£10,818,019

By virtue of the Finance Act 1972, dividends paid since 6th April 1973 to preference shareholders resident in the United Kingdom are payable at seven tenths of the former rates without any tax deduction. Holders of 5½ per cent and 7 per cent cumulative preference shares receive dividends at 3·675 per cent and 4·9 per cent respectively. They are also entitled to tax credits at three sevenths of the actual amount received to 5th April 1974, thirty-three sixty-sevenths to 5th April 1975 and thirty-five sixty-fifths thereafter.

21 Reserves	Company £	Company and subsidiaries £	Associated companies £
Share premium			
At 31st December 1973	4,600,973	4,850,973	
Premium on issue of shares in lieu of interim dividend (note 8)	7,122	7,122	
At 31st December 1974	£4,608,095	£4,858,095	
Capital reserves			
At 31st December 1973	12,322,721	18,771,814	2,555,201
Transfer from deferred taxation arising from reduction to 30 per cent in rate of corporation tax on capital gains in respect of revalued assets	—	—	48,720
Transfer from profit and loss account in respect of capital profits of the year (Group £399,640)	17,440	403,265	(3,625)
At 31st December 1974	£12,340,161	£19,175,079	£2,600,296
Revenue reserves			
At 31st December 1973	3,122,010	20,254,207	1,991,804
Proportion of opening reserves attributed to minority interest arising during the year	—	(60,431)	—
Profit of the year retained (Group £3,387,761)	198,348	3,340,607	47,154
Provision by subsidiaries for losses of associated companies during the year	—	(84,706)	84,706
At 31st December 1974	£3,320,358	£23,449,677	£2,123,664
Total reserves at 31st December 1974	£20,268,614	£47,482,851	£4,723,960
Total reserves at 31st December 1973	£20,045,704	£43,876,994	£4,547,005

The total reserves of associated companies are stated before deducting accumulated losses of £426,738 (1973 £507,565 including £165,533 in respect of the interest in an associated company sold during 1974) for which full provision has been made by subsidiaries.

22 Capital commitments

The subsidiaries' commitments for capital expenditure, including uncalled capital in respect of certain investments, amounted at 31st December 1974 to £3,304,000 (1973 £4,873,000).
Capital expenditure of subsidiaries authorised but not contracted for amounted at 31st December 1974 to £2,521,000 (1973 £1,667,000).

23 Contingent liabilities

Towards the end of 1974, the United States Department of Justice brought an action against twenty-one leading American publishers, including Penguin Books Inc. The action seeks to require American and United Kingdom publishers to abandon the alleged practice of dividing the world market for certain copyrighted books into exclusive markets. Damages are not being sought in this action.
An action brought by a United States retail drugstore for alleged damage as yet unspecified, arising from the division of markets referred to above, has been filed against Penguin Books Inc. The management of Penguin Books Inc. and its legal advisers are not in a position at this time to render an opinion as to the likely outcome of these actions.

The company has guaranteed a subsidiary's bank overdraft amounting to £543,000 (1973 £510,000).
The subsidiaries had contingent liabilities by way of bank and other guarantees and commitments in respect of pension funds and staff housing.

24 Overseas subsidiaries

Overseas deposits, bank balances and cash within the group amounted to £1,814,851 of which £751,265 was in Rhodesia. The net assets in Rhodesia amounted to £1,165,011.

25 Loan capital	1974 £	1974 £	1973 £	1973 £
Unsecured loan stocks of Pearson Longman Limited not repayable within five years:				
5½% 1988/93	420,680		420,680	
6½% 1988/93	846,133		846,133	
8% 1988/93	3,419,630		3,419,630	
		4,686,443		4,686,443
Debentures of Pearson Longman Limited not wholly repayable within five years (secured):				
5½% 1972/79	—		208,800	
6% 1972/79	—		30,000	
8% 1980/85	900,221		955,319	
8½% 1988/93	750,000		750,000	
10½% 1997/2002	3,000,000		3,000,000	
		4,650,221		4,944,119
wholly repayable within five years (secured):				
5½% 1972/79	177,720		—	
6% 1972/79	25,000		—	
		202,720		—
The company		9,539,384		9,630,562
Debentures of subsidiaries not wholly repayable within five years (secured):				
6½% 1971/85	127,640		137,458	
8% 1980	203,390		230,770	
8½% 1982	248,588		282,051	
		579,618		650,279
8¾% Loan on mortgage 1968/88 (secured)		200,000		200,000
5% Debenture stock 1975 (secured)		5,000		5,000
The company and its subsidiaries		£10,324,002		£10,485,841

While the loan stocks and debentures are repayable within the periods set out above, various powers also exist for the companies to purchase them in the market, or otherwise, for cancellation. Premiums on early redemption would be payable in certain circumstances.

26 Ultimate holding company

The company is a subsidiary of S. Pearson & Son, Limited, a company incorporated in Great Britain.

Statement of source and application of funds

Pearson Longman Limited and its subsidiary companies

	1974 £	1974 £
Source of funds		
Profit before extraordinary items		5,368,130
Extraordinary items		284,831
		5,652,961
Adjustments for items not involving the movement of funds:		
Minority interests in the profit of the year	143,564	
Depreciation	1,746,053	
Profits retained in associated companies	(43,529)	
Increase in deferred taxation	2,835,412	
		4,681,500
Total generated from operations		10,334,461
Funds from other sources:		
Issue to outside shareholders in Nigeria of shares in Longman Nigeria Limited		110,345
Shares issued in lieu of part of interim dividend for 1974 (note 8)		11,782
		10,456,588
Application of funds		
Dividends paid and proposed	1,865,560	
Dividends paid to minority shareholders	17,194	
Fixed assets: purchases less book value of sales	3,815,709	
Purchase of goodwill	314,082	
Investments: purchase less book value of sales	53,810	
Reduction in debentures	161,839	
Increase in stocks	4,931,506	
Increase in debtors	3,443,926	
Increase in creditors	(1,924,454)	
Decrease in provisions for taxation	3,017,358	
Decrease in provision for dividends payable	431,940	
		16,128,470
Movement in net liquid funds		
Decrease in deposits, bank balances and cash	2,705,267	
Increase in bank loans and overdrafts	2,966,615	
		£5,671,882

Pearson Longman Limited

Notes on the accounts (continued)

5 Emoluments of the directors of Pearson Longman Limited

	1974 £	1973 £
Fees	9,000	9,000
Less borne by an associated company	1,000	1,000
	8,000	8,000
Other emoluments	99,568	89,615
Compensation for loss of office paid by a subsidiary	—	39,600
	£107,568	£137,215

Analysis of emoluments (exclusive of contributions to pension funds):

	1974	1973
Chairman's emoluments	£2,250	£2,250
Highest paid director	£23,411	£21,580

The following table shows the number of other directors in each range of pre-tax emoluments. The table also shows, for emoluments over £12,500, the total amount of income tax at the appropriate graduated rates applicable for 1974-75 at the higher end of each range and the corresponding net pay, calculated on the basis that the recipient is a married man without dependent children and with no other source of income.

	Tax	Net Pay	1974	1973
Up to £2,500			six	five
£2,501 to £5,000	–		one	one
£12,501 to £15,000	£7,000	£8,000	—	two
£15,001 to £17,500	£8,800	£8,700	two	one
£17,501 to £20,000	£10,600	£9,400	one	—

6 Exceptional item in 1973

The accounts of the overseas subsidiaries of Longman Holdings Limited were, until 1973, made up to 30th September rather than 31st December. The exceptional item in 1973 represents *the profit after taxation of such subsidiaries for the three months* ended 31st December 1972.

7 Extraordinary items

	1974 £	1974 £	1973 £	1973 £
Profit (loss) on reconverting net assets in overseas currencies:				
Net current assets	(17,944)		207,722	
Fixed assets, investments and long term liabilities	(3,351)		70,434	
		(21,295)		278,156
Surplus (1973 deficiency) on sale of *interest in an associated company:*				
Excess of sale proceeds over cost	143,262		22,413	
Share of reserves thereof eliminated	(93,808)		(29,743)	
		49,454		(7,330)
Surplus on sale of other investments and fixed assets less taxation		245,914		628,796
Surplus on redemption of debentures		17,440		3,691
Other items of a capital nature		—		7,475
Amount written off goodwill of a subsidiary		(6,682)		—
		£284,831		£910,788
Relating to the company and subsidiaries:				
Of a capital nature	403,265		730,584	
Of a revenue nature	(20,806)		209,789	
		382,459		940,373
Relating to associated companies:				
Of a capital nature	(3,625)		(14,349)	
Of a revenue nature	(94,003)		(15,236)	
		(97,628)		(29,585)

8 Dividends on ordinary shares

The amount of £576,636 shown in respect of the interim dividend for 1974 includes profits *of £11,782 capitalised* in the issue of 18,643 ordinary shares of 25p each credited as fully paid at a premium of 38·2p per share pursuant to elections made by certain ordinary shareholders to receive shares in lieu of cash.

9 Earnings per ordinary share

The calculation is based on earnings of £6,345,947 (1973 £6,551,264), being the profit of the year before extraordinary items (and in 1973 the exceptional item), but after deducting preference dividends, in relation to 41,205,388 ordinary shares, being the weighted average number of *shares ranking for dividend* during the year (1973 41,202,987 ordinary shares of 25p in issue throughout that year).

10 Fixed assets

	Freehold property £	Long leaseholds £	Short leaseholds £	Plant and equipment £	Total £
Cost or valuation:					
At 31st December 1973	9,693,606	9,749,538	626,845	17,130,764	37,199,753
Exchange adjustments	(50,243)	4,073	(3,069)	(30,323)	(79,562)
Additions at cost	1,080,513	553,005	157,317	2,587,634	4,378,469
Disposals	(307,267)	(39)	(60,250)	(608,835)	(976,391)
At 31st December 1974	£10,416,609	£10,306,577	£719,843	£19,079,240	£40,522,269
Analysed as follows:					
Net book value 1948	79,479	5,176	—	–	84,655
Valuation 1958	—	—	—	24,598	24,598
Valuation 1960	—	—	—	1,253	1,253
Valuation 1963	77,377	—	—	16,772	94,149
Valuation 1964	876,964	—	—	—	876,964
Valuation 1965	—	—	—	277,853	277,853
Valuation 1966	586,200	—	—	—	586,200
Valuation 1971	11,000	7,250,000	—	—	7,261,000
Valuation 1973	1,957,725	—	42,500	—	2,000,225
Cost	6,829,864	3,051,401	677,343	18,758,764	29,317,372
	£10,416,609	£10,306,577	£719,843	£19,079,240	£40,522,269
Depreciation and amortisation:					
At 31st December 1973	745,212	528,348	139,551	8,576,045	9,989,156
Exchange adjustments	(2,183)	744	(569)	(8,263)	(10,271)
Provided in accounts	129,272	170,678	63,487	1,382,616	1,746,053
Eliminated in respect of disposals	(388)	—	(39,194)	(443,340)	(482,922)
At 31st December 1974	£871,913	£699,770	£163,275	£9,507,058	£11,242,016
Net book values:					
At 31st December 1974	£9,544,696	£9,606,807	£556,568	£9,572,182	£29,280,253
At 31st December 1973	£8,948,394	£9,221,190	£486,294	£8,554,719	£27,210,597
Investment and *development grants* deducted from cost:					
At 31st December 1974	£59,723	£14,794	£1,957	£1,358,557	£1,435,031
At 31st December 1973	£51,194	£14,794	£1,957	£1,378,079	£1,446,024

11 Interests in subsidiaries

Details of subsidiaries are set out on page 10.

12 Investments in associated companies
(for details, see page 12)

	1974 £	1974 £	1973 £	1973 £
Quoted in Great Britain:				
Shares at cost	653,814		653,814	
Share of post-acquisition reserves	2,357,962		2,114,556	
Market value £747,330 (1973 £1,924,612)		3,011,776		2,768,370
Unquoted:				
Shares at cost	710,111		769,978	
Share of post-acquisition reserves less losses	2,061,953		2,047,577	
Advances	449,000		465,936	
Directors' valuation £2,729,382 (1973 £3,590,325)		3,221,064		3,283,491
		£6,232,840		*£6,051,861*

The *amount* at which post-acquisition reserves of investments in associated companies is stated above includes the group's share of reserves attributable to the investments since the dates of original acquisition and includes therefore £122,693 (1973 £122,693) earned and retained prior to the acquisition by the group of an investing subsidiary. See note 3 as to the inclusion of amounts derived from unaudited management accounts. It is estimated that a liability to corporation tax on chargeable gains not exceeding £276,000 would arise if the above investments were realised at the valuations stated.

13 Other investments

	1974 £	1974 £	1973 £	1973 £
Quoted in Great Britain:				
Shares at cost or under *Market value £198,415 (1973 £461,128)*		101,945		116,998
Unquoted:				
At cost or under	196,703		213,274	
Advances less amounts written off	21,025		24,321	
Directors' valuation £231,084 (1973 £249,598)		217,728		237,595
		£319,673		£354,593

It is estimated that a liability to corporation tax on chargeable gains not exceeding *£5,000* would arise if the above investments were realised at the valuations stated.

14 Debtors include group—£2,216 (1973 £21,990) company—£1,788 (1973 £6,658) owing by fellow subsidiaries.

15 Deposits, bank balances and cash include £1,000,000 (1973 £3,000,000) deposited *by the company with fellow subsidiaries.*

16 Bank loans and overdrafts of subsidiaries include £143,436 (1973 £144,828) unsecured owing to a fellow subsidiary and £235,546 (1973 £9,197) *secured.*

Pearson Longman Limited

Directors' interests

The directors of Pearson Longman Limited, with their wives and infant children, were interested as follows in the shares, loan stock and debentures of the company, its parent S. Pearson & Son, Limited, and its parent's subsidiaries:

		At 18th April 1975 (where different)	At 31st December 1974	At 1st January 1974
Lord Gibson				
Pearson Longman Limited:	25p ordinary shares		7,462	7,300
	8¾% unsecured loan stock 1988/93		Nil	£2,125
S. Pearson & Son, Limited:	25p ordinary shares		289,766	927,477
	£1 6% preference shares		Nil	2,675
	4% unsecured loan *stock 2001/05*		Nil	£13,650
Lord Allen of Kilmahew				
Pearson Longman Limited:	25p ordinary shares		3,226	3,157
S. Pearson & Son, Limited:	*25p ordinary shares*		8,922	8,725
	10¼% unsecured loan stock 2001/05		£3,099	£3,099
Sir Frederick Bishop				
S. Pearson & Son, Limited:	25p ordinary shares		6,000	6,000
C. R. E. Brooke				
Pearson Longman Limited:	25p ordinary shares		1,022	1,000
S. Pearson & Son, Limited:	25p ordinary shares		1,022	1,000
J. F. G. Chappie				
Pearson Longman Limited:	25p ordinary shares		27,242	27,242*
	8% unsecured loan stock 1988/93		£10,216	£10,216*
S. Pearson & Son, Limited:	25p ordinary shares		1,337	1,337*
	10¼% unsecured loan stock 2001/05		£780	£780*
The Earl of Drogheda				
S. Pearson & Son, Limited:	25p ordinary shares		1,000	1,000
D. Meinertzhagen				
S. Pearson & Son, Limited:	25p ordinary shares	10,227	10,227	10,000
	executive scheme ordinary shares (10·725p paid)	23,750	23,750	23,750
Lazard Brothers & Co., Limited:	£10 shares	23	15	15
W. B. Morrell				
Pearson Longman Limited:	25p ordinary shares:			
	held beneficially		16,000	47,607
	held as trustee		42,761	11,154
S. Pearson & Son, Limited:	25p ordinary shares:			
	held beneficially		*5,000*	7,448
	held as trustee		2,448	Nil
Lord Poole				
S. Pearson & Son, Limited:	25p ordinary shares:			
	held beneficially		56,873	55,610
	held as trustee		5,625	5,625
	executive scheme ordinary shares (10·725p paid)		30,000	30,000
E. J. B. Rose				
Pearson Longman Limited:	25p ordinary shares		1,674	1,647*
S. Pearson & Son, Limited:	25p ordinary shares		2,101	2,065*
F. Taylor				
Pearson Longman Limited:	25p ordinary shares		1,542	1,542
S. Pearson & Son, Limited:	25p ordinary shares		1,000	1,000

*at date of appointment

Notes

1 Sir Gordon Newton held no notifiable interests during the period under review nor at 18th April 1975, i.e. a date not more than one month *prior to the date of the notice of meeting.*

2 The reductions during 1974 in Lord Gibson's interests did not represent sales but were a *consequence of the exclusion of trust holdings* which no longer had to be shown. The changes in Mr. Morrell's holdings resulted from the transfer of shares to a charitable trust without consideration.

Group financial record

	1970 £000	1971 £000	1972 £000	1973 £000	1974 £000
Trading					
Turnover:					
The Financial Times Limited	8,659	9,669	13,515	16,010	17,398
Westminster Press Limited	20,047	22,169	27,021	32,814	40,812
Longman Penguin Limited	17,482	20,420	24,440	27,780	34,589
	46,188	52,258	64,976	76,604	92,799
Profit before taxation (see note below):					
The Financial Times Limited	1,164	1,362	2,741	2,973	1,608
Westminster Press Limited	1,395	1,942	4,331	6,018	3,136
Longman Penguin Limited	2,849	3,253	4,098	4,635	5,478
Pearson Longman Limited (mainly interest)	(280)	(295)	(499)	(532)	(216)
The company and its subsidiaries	5,128	6,262	10,671	13,094	10,006
Associated companies	589	392	1,123	1,559	1,504
	5,717	6,654	11,794	14,653	11,510
Taxation	(2,294)	(2,846)	(5,185)	(7,959)	(5,997)
	3,423	3,808	6,609	6,694	5,513
Profit attributable to minority interests	(668)	(36)	(104)	(118)	(145)
	2,755	3,772	6,505	6,576	5,368
Extraordinary and, for years prior to 1974, exceptional items	194	(118)	61	1,228	284
Preference dividends	(32)	(32)	(32)	(25)	(22)
Ordinary dividends	(1,585)	(2,267)	(1,897)	(1,699)	(1,843)
Profit retained and added to reserves	1,332	1,355	4,637	6,080	3,787
Capital reserves	166	24	(102)	716	399
Revenue reserves	1,166	1,331	4,739	5,364	3,388

Note
Notional inter-company interest has been credited (charged) in arriving at profits before taxation for the years 1970 to 1973 to conform with the basis adopted with effect from 1st January 1974, thus:

	1970	1971	1972	1973
The Financial Times Limited	144	146	186	337
Westminster Press Limited	(453)	(422)	(350)	(255)
Longman Penguin Limited	—	—	(50)	(125)
Pearson Longman Limited	309	276	214	43
The company and its subsidiaries	—	—	—	—

	1970 £000	1971 £000	1972 £000	1973 £000	1974 £000
Assets employed					
Fixed assets	14,782	21,772	22,889	27,211	29,280
Investments	5,144	5,375	5,639	6,406	6,553
Premiums on acquisition of shares in subsidiaries and cost of goodwill	14,081	26,658	26,717	30,207	30,521
Net current assets	6,171	4,108	8,365	10,784	15,012
	40,178	57,913	63,610	74,608	81,366
Deferred taxation	(794)	(2,673)	(2,688)	(4,146)	(6,981)
Net assets	39,384	55,240	60,922	70,462	74,385
Ordinary share capital	7,926	10,301	10,301	10,301	10,305
Reserves	18,432	36,390	41,443	48,424	52,207
	26,358	46,691	51,744	58,725	62,512
Preference share capital	517	517	517	517	517
Minority interests	5,344	494	580	734	1,032
Loan capital	7,165	7,538	8,081	10,486	10,324
	39,384	55,240	60,922	70,462	74,385
Earnings per ordinary share	8·59p	9·08p	15·71p	15·90p	12·97p
Dividends per ordinary share	5·000p	5·500p	4·605p	4·122p	4·473p
Dividends per ordinary share including tax credit after 5th April, 1972	5·000p	5·500p	5·775p	6·063p	6·817p
Profit before taxation as a *percentage of turnover*	11·10%	11·98%	16·42%	17·09%	10·78%

Pearson Longman Limited

Consolidated profit & loss account

for the year ended 31st December 1974
Pearson Longman Limited and its subsidiary companies

	Pence per share 1974	Pence per share 1973	1974 £	1974 £	1973 £	1973 £
Turnover				92,769,000		76,604,000
Profit before taxation						
The company and its subsidiaries (note 2)			10,006,250		13,094,216	
Associated companies (note 3)			1,504,083		1,559,206	
				11,510,333		14,653,422
Taxation thereon						
The company and its subsidiaries (note 4)			5,202,638		7,257,185	
Associated companies			794,606		701,649	
				5,997,243		7,958,834
				5,513,090		6,694,588
Deduct						
Profit attributable to minority interests				144,960		118,764
Profit of the year before extraordinary and in 1973 exceptional items				5,368,130		6,575,824
Extraordinary and exceptional items						
Exceptional (note 6)			—		317,000	
Extraordinary (note 7)			284,831		910,788	
				284,831		1,227,788
Net profit attributable to Pearson Longman Limited of which £2,081,348 (1973 £3,299,581) is dealt with in the accounts of the company and of which £161,182 (1973 £212,348) arose in the Rhodesian subsidiary				5,652,961		7,803,612
Dividends of Pearson Longman Limited						
5½% cumulative preference shares (note 20)			9,489		10,506	
7% cumulative preference shares (note 20)			12,694		14,054	
			22,183		24,560	
Ordinary shares (note 8)						
Interim dividend	1·400	1·400	576,636		576,842	
proposed final dividend	3·073	2·722	1,266,741		1,121,839	
	4·473	4·122		1,865,560		1,723,241
tax credit to shareholders	2·344	1·941				
	6·817	6·063				
Profit retained and added to reserves (note 21)						
Capital reserves			399,640		716,235	
Revenue reserves			3,387,761		5,364,136	
				£3,787,401		£6,080,371
Earnings per ordinary share (note 9)				12·974p		15·900p

Consolidated balance sheet

31st December 1974
Pearson Longman Limited and its subsidiary companies

	1974 £	1974 £	1973 £	1973 £
Fixed assets (note 10)		29,280,253		27,210,597
Investments: associated companies (note 12)	6,232,840		6,051,861	
other (note 13)	319,673		354,593	
		6,552,513		6,406,454
Premiums on acquisition of shares in subsidiaries and cost of goodwill		30,521,492		30,207,410
Current assets				
Stocks and work in progress	17,526,702		12,595,196	
Debtors (note 14)	24,563,149		21,119,223	
Deposits, bank balances and cash (note 15)	4,034,174		6,739,441	
	46,124,025		40,453,860	
Deduct				
Current liabilities and provisions				
Bank loans and overdrafts (note 16)	7,609,177		4,642,562	
Creditors (note 17)	14,644,020		12,719,566	
Current taxation	6,082,336		5,275,036	
Corporation tax due on or after 1st October 1975	1,094,109		4,911,423	
Overseas taxes due on or after 1st October 1975	409,657		417,001	
Dividends (note 18)	1,272,287		1,704,227	
	31,111,586		29,669,815	
		15,012,439		10,784,045
		81,366,697		74,608,506
Deduct				
Deferred taxation (notes 4 and 19)		6,981,595		4,146,183
Net assets		£74,385,102		£70,462,323
Representing				
Interest of shareholders of Pearson Longman Limited				
Share capital of the company (note 20)	10,822,679		10,818,019	
Reserves: the company and its subsidiaries (note 21)	47,482,851		43,876,994	
associated companies (note 21)	4,723,960		4,547,005	
		63,029,490		59,242,018
Minority interests		1,031,610		734,464
Loan capital (note 25)		10,324,002		10,485,841
		£74,385,102		£70,462,323

Pearson Longman Limited

Balance sheet

31st December 1974
Pearson Longman Limited

	1974 £	1974 £	1973 £	1973 £
Interests in subsidiaries (note 11)				
Shares	42,679,344		42,679,344	
Amounts owing by subsidiaries	17,946,191		14,886,139	
	60,625,535		57,565,483	
Amounts owing to subsidiaries	14,885,996		16,292,034	
		45,739,539		41,273,449
Current assets				
Debtors (note 14)	39,948		93,154	
Deposits (note 15)	1,000,000		4,000,000	
		1,039,948		4,093,154
		46,779,487		45,366,603
Deduct				
Current liabilities				
Bank loans and overdrafts	4,629,511		2,944,023	
Creditors (note 17)	225,646		202,254	
Taxation	21,366		21,814	
Dividends (note 18)	1,272,287		1,704,227	
		6,148,810		4,872,318
Net assets		£40,630,677		£40,494,285
Representing				
Issued share capital (note 20)		10,822,679		10,818,019
Reserves (note 21)		20,268,614		20,045,704
		31,091,293		30,863,723
Loan capital (note 25)		9,539,384		9,630,562
		£40,630,677		£40,494,285

Gibson
F. Taylor } Directors

Report of the auditors

To the members of Pearson Longman Limited

In our opinion, based on our examination and on the reports of the auditors of certain subsidiaries and associated companies not audited by us, the accounts set out on pages 6 to 9 give, so far as concerns the members of Pearson Longman Limited, a true and fair view of the state of affairs at 31st December 1974 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Deloitte & Co.
Chartered Accountants
London
1st May 1975

Notes on the accounts

1 Accounting policies

Basis of consolidation
The accounts of the subsidiaries are made up to 31st December and all are included in the consolidated accounts. Where subsidiaries are acquired during a year only the profit earned subsequent to acquisition is included in profits.

Associated companies
Profits and losses of associated companies are included in the consolidated profit and loss account to the full extent of the investing company's interest therein. The group's share of the undistributed reserves of associated companies arising since acquisition of the investments is included in the amount at which such investments are stated in the consolidated balance sheet. For this purpose the latest available audited accounts are used together with, in the case of unquoted associates, unaudited management accounts where available, made up to 31st December. Details and status of the accounts used are shown on page 12.

Shares in subsidiaries
The shares of Longman Penguin Limited were valued by the directors at the market price immediately prior to the Scheme of Arrangement by which the shares not already owned were acquired by Pearson Longman Limited in 1971. The shares in the remaining subsidiaries are stated in the company's balance sheet at cost. Shares and loan stock issued by the company as part consideration on the acquisition of such subsidiaries were taken at par.

Premiums on acquisition of shares in subsidiaries and cost of goodwill
The premiums on acquisition of shares in subsidiaries and goodwill shown in the consolidated balance sheet represent the net excess of the book value, determined on the basis described above, of shares in subsidiaries over the appropriate proportion of the book values of their net assets at dates of acquisition, together with the cost of goodwill and copyrights acquired by purchase.

Fixed assets
Fixed assets are stated at cost less government grants or valuation as shown in note 10.
No depreciation is provided on the book cost attributed to the site values of freehold property.
Other fixed assets are depreciated over their estimated economic lives by equal annual instalments.

Stocks and work-in-progress
Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost comprises direct costs, which in the case of new books includes initial publishing expenditure, but in the majority of cases does not include production or other overheads. Provisions to eliminate inter-company profits on stocks are made on a net of tax basis.

Deferred taxation
The group provides deferred taxation, at the rates current at 31st December, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. The major timing differences involved are:

(i) the excess of tax allowances on fixed assets eligible for such allowances over the depreciation provided in the accounts in respect thereof.

(ii) the chargeable gains that would arise on the disposal of revalued fixed assets at the amount at which such assets are included in the accounts.

(iii) a proportion of the increase in stocks and work-in-progress during 1973 and 1974, on which pursuant to the Finance Act 1975 and the budget proposals of 15th April 1975 the payment of taxation in respect of those years is deferred. The period of deferment is not yet known and will depend upon future legislation (see note 19).

Advance corporation tax recoverable in future years is deducted in arriving at the amount of deferred taxation stated in the accounts.

Retained profits of overseas subsidiaries
No provision is made for any additional taxation, less double taxation relief, which would arise on the remittance of profits retained by overseas subsidiaries.

Overseas currencies
Assets, liabilities and profits of the year in overseas currencies are converted to sterling at the rates ruling at balance sheet date. The exchange difference arising on the annual reconversion of fixed assets, investments and long term liabilities is included in extraordinary items before transfer to capital reserves. The exchange difference arising on the annual reconversion of other assets and liabilities is also included in extraordinary items and transferred to revenue reserves.

Turnover
Turnover represents the net amount receivable by the company and its subsidiaries for goods and services, excluding value added tax and inter-company transactions.

2 Profit before taxation of the company and its subsidiaries is arrived at:

	1974 £	1973 £
after crediting:		
Income (and related tax credits) from investments other than associated companies:		
Quoted	20,268	16,369
Unquoted	7,806	10,260
Interest receivable (including interest on advances to associated companies £2,198 (1973 £2,102))	431,602	715,660
Rents receivable	168,646	189,811
and after charging:		
Depreciation	1,746,053	1,441,508
Hire of plant and equipment	370,503	268,169
Interest payable:		
on long term debentures and loans	861,322	849,677
on bank overdrafts and other loans repayable within five years	868,917	413,224
Auditors' remuneration	143,692	118,782

3 Associated companies
Dividends received from associated companies including tax credits of £67,709 (1973 £62,621) were as follows:
Quoted £162,262 (1973 £154,535) Unquoted £473,768 (1973 £276,167).
The retained profits of the year of associated companies include £267,334 (1973 £260,021) derived from unaudited management accounts.

4 Taxation

The company and its subsidiaries	1974 £	1973 £
Corporation tax based on a rate of 52 per cent (1973 40 per cent to 31st March and 52 per cent thereafter) including £2,318,675 (1973 £1,026,802) transferred to deferred taxation account	5,139,886	6,647,435
Tax attributable to United Kingdom dividends received	6,233	4,754
Advance corporation tax irrecoverable	—	19,911
	5,146,119	6,672,100
Double taxation relief	680,518	637,795
	4,465,601	6,034,305
Overseas taxation including £11,783 (1973 £5,959) transferred to deferred taxation account	875,435	739,061
	5,341,036	6,773,366
Taxation adjustments relating to previous years	138,398	80,209
	5,202,638	6,693,157
Adjustment to deferred taxation of subsidiaries set aside in previous years for increase in rate of tax	—	564,028
	£5,202,638	£7,257,185

A training ground in coalition

BY DAVID WATT

THE Common Market Referendum may leave the great British public stone cold to the very end, but there are two classes of persons for whom it is jam—the Academics and the instant-history merchants. One cannot move a step off the beaten track of the campaign without picking up the spoor of researchers from Nuffield College, Oxford, or the posh Sunday papers. These footprints are particularly thick around the pro-Market headquarters, I notice, and with good reason. "Britain in Europe" is the most elaborate and interesting exercise in cross-bench politics to have been mounted in this country since the war.

The symbolic significance of this effort probably dawned on a good many people when the picture reproduced on this page, appeared earlier this week to the accompaniment of captions like "The Euro-pals" or "The Euro-coalition": but if that were all there were to it it would hardly merit much space or, for that matter, generate much support. It is not to difficult to throw together a bunch of busy politicians on a platform for half-an-hour in aid of some good cause. Loads of charities are doing it all the time. What is impressive and absorbing — and cannot, incidentally, be matched on the anti-Market side of the argument — is the size and consistency of the all-party effort that lies behind that particular picture.

To some extent this can be judged by a rapid glance at the list of characters at the head of the "Britain in Europe" writing-paper or on its Executive Committee—Vic Feather, Jo Grimond, Ted Heath, Reginald Maudling, Lord Harlech, Geoffrey Rippon, Fred Hayday and the rest. These are a good representative collection of the Establishment, covering industry, the trade unions and the political parties. But the main strength of the organisation derives from two other factors, the first the composition of the inner group that really runs the show and secondly the links which this group has with other well-established machines that can be rapidly harnessed to the needs of the campaign.

Influence

The inner group, as in most such enterprises, varies in size and composition in accordance with the subject under discussion but among the more or less permanent attenders at Executive Committee meetings those with most influence in decision-making are as follows—on the Labour side Mr. Roy Jenkins, Mr. William Rodgers and Lord Harris of Greenwich; for the Conservatives, Mr. Whitelaw, Lord Fraser of Kilmorack, Mr. Douglas Hurd and Mr. Geoffrey Tucker; for the Liberals Mr. David Steel; plus the Director, Sir Con O'Neill and his deputy Mr. Peter Thring.

Messrs. Jenkins and Whitelaw need no introduction. Sir Con and Mr. Thring are there as executives. The others have a more special significance. Lord Fraser (still better known as Sir Michael Fraser) is the representative of Conservative Central Office and Mr. Steel represents not only the Liberal Party in Parliament but the Liberal European Action Group which co-ordinates Liberal pro-Market activities in the country. Mr. Hurd, now MP for mid-Oxfordshire, was a personal aide to Mr. Heath through most of the last Government and has much experience of liaison between the Conservative backbenches in Parliament, Central Office and the constituencies. Mr. Rodgers, the Minister of State at the Defence Department, is a deep-dyed Jenkinsite with a long record of success in mobilising support on the Right and Centre of the Labour Party both in the country and in Parliament.

Lord Harris and Mr. Tucker are the publicity experts—the nearest thing that Britain produces to the race of political gurus associated with the major figures of American politics. Lord Harris was chief publicity man at the Labour Party in the Gaitskell days and probably has been Mr. Jenkins' closest political confidant for some years. Mr. Tucker has been consultant to the Conservative Party and to successive Conservative leaders since the latter days of Mr. Harold Macmillan, but was particularly close to Mr. Heath.

This list rather suggests that the whole operation turns on the Heath-Jenkins axis (of which more late-): but it also indicates how the organisation works. The functions of an "umbrella organisation" have never been previously defined, because such a curious entity has never previously been formed. But they turn out, in practice, to be three.

Functions

The first function is relatively easy. The Conservative Central Office is running its own campaign, under Lord Fraser, and now that Mrs. Margaret Thatcher has formally asked local Conservative parties to co-operate, the main task of "Britain in Europe" is to see that they get literature and car stickers when they ask for them and to prevent them tripping over Labour and Liberal organisations in the country. Much the same is the case of the Liberal side. Labour is more difficult because the Labour campaign for Europe is obliged, for obvious reasons, to operate on its own without the assistance of Transport House and therefore needs more nursing and one suspects, more of the rechannelled Government money which "Britain in Europe" hands out.

Nevertheless the essence of the thing is the same—namely that the Labour Committee should direct its energy to places where it will do most good and where the activities of other parties will not interfere.

In addition to this co-ordinating role, "Britain in Europe" is also running its own programmes in the country. This chiefly consists of organising meetings and debates and distributing literature—of which large quantities have been prepared (2.5m. car stickers, for instance, and 6.5m. copies of a leaflet entitled "Before you make up your mind"). In the final run-up to June 5, however, there may be canvassing and car-ferrying carried out. These activities are the responsibility of the European Movement Groups which have been operating in the provinces for a number of years and which have been mobilised under the "Britain in Europe" banner (Mr. Ernest Wistrich, the head of the British European Movement is on the Executive Committee).

Finally there is the national campaign itself. This means the evolution of a strategy for choosing and handling issues and generally devising the propaganda to be disseminated in leaflets, in posters, by the major speakers at Press conferences and platforms, and in the four ten-minute television and six radio slots provided by the broadcasting authorities. So far the main decisions have been fairly straightforward — the only tricky one having been to hire Charles Guggenheim, the American media expert, and make TV film of a highly personalised kind (one, I gather, shows Vic Feather down among the Welsh steel workers).

Later on, though, the campaign will presumably have to be played by ear and such delicate matters as whether to play the anti-Benn card, or whether to go the reds-under-the-bed route will have to be decided. A so-called Final Stages Committee has been set up for this pu pose, consisting of the men already named plus Mr. Humphrey Taylor of Opinion Research Centre, the opinion pollsters, and one or two others.

Setting it all out like this makes the whole exercise seem implausibly structured and efficient, of course. Naturally it is ve y imperfect in both respects, having been thrown together at short notice, and consisting of busy men, many of whom are powers in their own right and have every reason to behave like prima donnas. In the early stages the enterprise was said to be "all Chiefs and no Indians" and although there a e probably now about 60 humbler workers in the old Park Lane headquarters or in Europe House (half of whom are volunteers) there is still some truth in the gibe. On the other hand, considering the difficulties, the operation, so fa, has been something of a miracle.

Cash

Why has it all gone as well as it has? For one thing, there has not, so far as I can make out, been any great shortage of cash. The leaders of the campaign blush prettily when one puts this to them and no doubt they are right to say they would like more (providing they can avoid looking too rich), but it will be surprising, in fact, if they have not managed to raise a good deal from industry and to have spent, by the end of their campaign, far more than their opponents. But another factor, I suspect, is that those chiefly involved have had little to lose. Mr. Heath, Mr. Jenkins and Mr. Whitelaw and to a lesser extent Mr. Steel, Lords Fraser and Harris and Sir Con O'Neill have been on the losing side either in personal or conventional political terms. Having not much left on them except the beliefs they stand up in, they have been able to approach their task with a light step and no ideological baggage to speak of.

This thought brings us by natural progression to the most interesting question of all—namely how much of all this will survive success. Will a "Yes" vote simply cause the entire organisation to vanish without trace, or do we see here the embryo of a new political party of the centre? The fact that it is so much a Heathite-Jenkinsite operation naturally tends to support the latter conclusion. There is, after all, (apart from the party label) not so very much to chose between Mr. Heath's and Mr. Jenkins' position on a wide range of economic and social issues. Here they are with a ready made network of political contacts and a political infrastructure in the country. Could nothing be made of it?

It would be remarkable if this thought had not crossed a good many minds within "Britain in Europe" as well as outside, and there are probably some people involved who would be delighted to have a go. Yet the practical difficulties seem to me to be insuperable. For one thing the principals are not prepared to play; for another, even if they were, neither could at present command enough support within their own party to join respectable forces in the wilderness. The "Britain in Europe" infrastructure is in fact rickety and unreliable on the Labour side, and on the Conservative side is only leased out to non-Thatcherites on a temporary basis. It is simply not on.

And yet something rather less tangible is surely going to survive from this affair. A lot of new friendships have been made and the party cast in which a number of minds have been set has been cracked a little, if not broken. For the first time since the war-time coalition major politicians have been working closely together on a joint enterprise and both they and the public have been reminded that it is not as difficult as they thought. If the system and the crisis between them throw up the chance or the necessity of a coalition this experience could still be significant.

Letters to the Editor

Industrial democracy

From the General Secretary, National Union of Bank Employees.

Sir,—Your Labour Editor (May 12) set out the rather confused position as regards attitudes to employee participation and illustrated that some unions feel there is a dichotomy of function in participation at Board level compared to the normal processes of collective bargaining.

There is a tremendous amount of paper issued about employee participation and industrial democracy. The Government is proposing its own White Paper shortly. In the current debate it is important, however, for all parties concerned to state what they consider to be the purpose of participation.

We, as the major trade union in banking and finance, believe that the purpose of such participation is to give the union and its members more knowledge of the reason for Board decisions and, similarly, to give other Board members more awareness of the attitude of the employees themselves before they reach decisions.

Collective bargaining, of course, is the vital centrepiece of any union activity, but in many cases—and perhaps increasingly so in recent years—trade unions are having to react in collective bargaining to a situation which has been circumscribed by Board decisions. For that reason, apart from any other, we feel a limited degree of participation would benefit all concerned. It would get away from the old proposition of managements proposing and unions disposing, and it would, we believe, create a better climate within which collective bargaining can take place.

We see no purpose, however, in the creation of supervisory Boards in British companies, and, indeed, the possible imposition of these by statute would only confuse central and regional Board structures of companies and financial institutions. Similarly, a 50 per cent. employee participation at unitary Board level could create unnecessary conflict and would confuse the area of collective bargaining with the area of Board decisions.

What is needed, therefore, is a little more knowledge on the part of Board members, managements and unions, and contrary to the much abused quotation, a little knowledge would be a good thing because at least it would be an improvement on the lack of knowledge of each other's intentions, which is too often a feature of industrial relations to-day.

Leif Mills.
Queen's House,
2, Holly Road,
Twickenham.

Alumina in Ebbw Vale

From Mr. D. Levi.

Sir,—The decision to close the steelworks at Ebbw Vale could prove beneficial to that area if two industrial schemes now under consideration are established there in its place. Ebbw Vale's inland location makes it unsuited for producing steel from imported iron ore, but it has advantages as a site for new industries which will be equally essential to the national economy.

These are the production of alumina from colliery waste and the production of steel from low-grade indigenous iron ores.

These projects have been under study for some time with the Ebbw Vale area as a prospective location. On present information, and given the necessary effort by all concerned, a first alumina plant can be built within about two years; that for processing low-grade iron ores will take somewhat longer. Thereafter the potential for expansion in both cases is considerable.

There is an annual requirement of 700,000 tons of alumina for the aluminium smelters at Anglesey, Lynemouth and Invergordon (at present this is imported at an annual cost of £35m.), and there would be a further large market in Europe. By-product cement obtained in the process would be competitive with production from existing cement plants, and its manufacture permits substantial savings of fuel.

Since new techniques for steelmaking from low-grade iron ores could be made to compete successfully with the most efficient production from high-grade imported ores, the potential for this industry is as large as the market for steel itself, and it could eventually achieve balance of payments savings of over £200m. a year (at current prices). Establishment of the first such plant at Ebbw Vale will enable this cost comparison to be made with certainty, and resolve doubts which exist as to the advantage of using imported ores in steel production.

D. L. Levi,
Clarion Research Associates.
39, Polstead Road,
Oxford.

Awards to inventors

From the Secretary, Institute of Patentees and Inventors.

Sir,—In representing industry's outlook on the decision of the Government to give further consideration to a statutory awards scheme for employee-inventors, Mr. E. Page (May 9) uses a rather unhappy analogy. Lazarus lived, died and was resurrected, but in this country a proposal giving equitable rights at law for employee-inventors has yet to be born.

Let us review the present situation. First, an employed research worker may be bound by a contract of employment to assign to his employers all rights in any invention he makes whether or not (i) it appertains to his employer's business: or (ii) the employer wants to use it. No wonder the Banks Committee recommended that this facility for the employer should be discontinued. Secondly, even if there is no such contract clause the employee (other than one of lowly status) must assign his invention rights to the employer without any legal expectation of reward. It is all left to the employer's discretion. Most civilised countries have statutory schemes.

At an international conference on the subject in 1971 Dr. Neumeyer, the world-famous expert in this field, stated that in Britain, its former colonies and the United States, where the employee-inventor situation depends largely on Common Law, it has resulted in a mixture of considerable wisdom and retarded conservatism. The British concept of the employee-inventor derives from medieval laws which to-day reflect a somewhat capitalistic attitude, making the employer the owner of rights. Hence the negative attitude to the question adopted by the Banks Committee.

Inventors are responsible for most of the comforts and technical advances we all enjoy to-day. What is wrong with them being recognised as "privileged employees" by the companies which are often largely founded on their efforts and maintained by their creativity? What is really wrong is that inventors are not recognised as such. Of all classes of employees, they should be offered any incentives industry and society can give them to encourage an increase in the country's output of new commercial products and processes.

You do not encourage a man's usefulness or stimulate his inventive output by irrevocably interring a proposal for his recognition and reward.

A. L. T. Cotterell
Whiteley Building,
165, Queensway, W.2.

Bleachers' view

From Mr. J. Kane

Sir,—Rhys David's interesting contribution to your Britain and Europe Survey on the Textile Industry (May 12) was in error when it stated that "trade unions and employers have been consistently in favour of obtaining, and now retaining, membership (of the EEC)."

Although the National Union of Dyers, Bleachers and Textile Workers—the principal union in the wool textile industry—originally favoured EEC membership, in recent years it has been implacably opposed to remaining in the Community. In his annual report to be submitted to the annual conference of the union later this month, Mr. Fred Dyson, the secretary, states:

"If it were possible to change the outlook of the EEC to a genuine free trade area then it would be possible for the United Kingdom to be a member without prejudice to its national interests."

"However, if such a change were not possible then the United Kingdom's future will be more prosperous outside the EEC because the benefits of withdrawal substantially outweigh the grossly exaggerated cost of exclusion, particularly in view of the recent energy discoveries which now profoundly alter the balance of European economic power in the United Kingdom's favour."

Mr. Dyson's report asserts that the one-sided economic burden placed on the United Kingdom by entry could only be balanced by those idealists whose dreams of European unity bear little relationship to the present situation or the long term future.

Joseph Kane.
14 Hallfield Road, Bradford, West Yorkshire.

Patents for improvements

From Mr. R. Sinnett.

Sir,—Mr. Page refers (May 9) to the unsatisfactory implications of the suggestion in the Government White Paper on patent law reform that there should be a statutory award scheme for employee inventions.

Another proposal in the White Paper, that patents should be granted only for "significant" improvements, could aggravate the situation. It is obviously tempting to try to relate any award to patentability (what else could a statutory award be related without desperate complexity?) yet this cannot but be unfair since many improvements that an employer finds valuable in practice would not sustain a patent on the new criteria. In any case it is naïve to suppose that a patent necessarily represents the value of an invention; a patent is valuable only to the extent that it thwarts the competition or compels a royalty.

An employer who seeks to keep his inventors, and keep them inventive, will be more deft than to rely on an award scheme.

R. A. E. Sinnett.
46, Tavistock Court,
Tavistock Square, W.C.1.

London's property

From Mr. R. Freeman.

Sir,—The interesting feature of Dr. John White's letter (May 9) was the admission that "comparatively few" large properties, not needed for service purposes, were still in the ownership of Greater London Council. How few and compared to what?

The GLC Finance Board should now publish a list of all such properties, large and small, and explain why ratepayers' capital tied up in this way is not to be released for use on public purposes. And if he requires further help, may I suggest he looks at the land and property acquired for the great Ringway schemes which were subsequently dropped in 1973 when Labour gained power at County Hall, or has there been miraculously, some new use devised for all this property acquired at ratepayers' expense?

The function of a local authority is to serve its public and not to build a property empire. This obsession with municipal ownership which dominates the thinking of the contemporary Socialist (in contrast to the ideals of social improvement which inspired his predecessor), is leading to the virtual breakdown of the GLC's role as an effective governing body for the capital.

Roland Freeman.
Conservative Committee Rooms,
212, Ballards Lane,
Finchley, N.3.

Legerdemain on funds

From The Director, Aims of Industry.

Sir,—Mr. John Bourne's article (May 6) on Mr. Wedgwood Benn's pension fund proposals as modified by Mr. Harold Wilson brings home an interesting, if ominous, point in the game being played together by these two gentlemen.

Mr. Benn puts forward extreme policies which are greeted with horror and dread from all quarters. There is a general expectancy that Mr. Wilson "just won't stand for this." And lo and behold there then follows an apparently ameliorative statement by Mr. Wilson. The third stage is that the thing happens and it looks very much like what Mr. Benn proposed in the first place.

If it is really something incredibly destructive (as with Mr. Benn's pension proposals) Mr. Harold Lever says sweet words from the wings. These words apparently are not guaranteed to have effect on the ensuing action. It may be that the prospect of creating millions of infuriated policyholders will push Mr. Wilson into really eliminating the scheme. But it is important that Mr. Wilson realises that industry, and probably the public, are becoming aware of the mechanics of the tragi-comedy act.

Michael Ivens.
5, Plough Place,
Fetter Lane, E.C.4.

To-day's Events

GENERAL

Dunlop clerical workers hold mass meeting to consider future of their strike.

Mrs. Margaret Thatcher, Leader of the Opposition, visits Scotland, opens oil support base Montrose Harbour, and speaks at Conservative Party rally, Dundee.

Mr. Richie Ryan, Irish Finance Minister, visits Washington for talks with Mr. William Simon, U.S. Secretary of the Treasury.

Mr. C. Dennis, Liberian Foreign Minister, ends official visit to Britain.

Vice-Premier of Chinese People's Republic and its Foreign Minister, continue visit to France.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

House of Lords: Lotteries Bill, second reading: Solicitors (Amendment) Bill, second reading. Hearing Aid Council (Extension) Bill, second reading.

OFFICIAL STATISTICS

British Steel Corporation production (April).

Building Societies receipts and loans (April).

Retail prices index (April).

COMPANY MEETINGS

British Titan, 10, Stratton St., W., 12.30.
Glynwed, Birmingham, 3.
Harris (M.P.), Bexhill-on-Sea, 3.
Raleigh Industries, Nottingham, 12.
Robinson (Thomas), Rochdale, 12.
Rugby Portland Cement, Rugby, 12.15.
Sangamo Weston, Enfield, Middlesex, 11.
Tilling, Thomas, 21, Tothill St., S.W., 12.
Ward White, Higham Ferrers, Northamptonshire, 12.
Watts Blake Bearne, Moretonhampstead, Devon, 12.

COMPANY NEWS + COMMENT

UDS level after second half upturn

SECOND-HALF profits of the UDS Group improved from £15.06m. to £16.43m., leaving the total for the year ended February 1, 1975, virtually unchanged at £25.68m. compared with £25.49m. for 1973-74.

At the annual meeting in January chairman Mr. Bernard Lyons told members that trading was sufficiently advanced to enable him to predict confidently that the year's profit would exceed earlier expectations.

Providing for tax and minorities the year's balance attributable to Ordinary holders emerges at £13.85m. against £13.11m.; and earnings per 25p unit are stated to be ahead from 8.6p to 9.1p.

The directors now report that the results were achieved in the face of statutory margin controls, the effect of inflation on expenses and the difficult trading conditions prevailing during the first half year.

They find it difficult, at this stage, to make any confident predictions about the level of consumer demand for the remainder of 1975. Sales so far are running well and show to date an appreciable increase over the corresponding figures of last year. On present estimates "we would expect profits for the current year to show a further improvement."

The 1974-75 dividend is raised from 4.4868p net to 4.6912p, with a final of 2.6812p (2.3868p).

	1974-75 £000	1973-74 £000
Turnover	264,680	232,907
Operating profit*	35,108	33,077
Depreciation, etc.	4,374	3,819
Net interest paid	5,777	4,563
Share of associates	728	40
From reserves†	—	736
Profit before tax	25,685	25,492
Taxation	11,855	12,373
Minorities loss	23	‡10
Attributable Ord.	13,853	13,108
Dividends	7,128	6,809
To reserves	6,735	6,308

*After credit of £761,000 for variation in hire purchase profit carried forward and provision for debt contingencies (debit £1,791,000). †For VAT transitional losses. ‡Profit.

● comment

A strong second-half performance from UDS—profits up by 9 per cent. pre-tax—has left the group marginally ahead for 1974-75. Second-half sales growth of 19 per cent. (9 per cent. in volume terms) looks unfavourable after January's remarks about turnover to December running 24 per cent. ahead, but the credit accounting here is not comparable so there are no fears for the current trend of demand. In fact, UDS expects 1975-76 profits to improve further, with the first half proving buoyant enough to offset any slackness towards the end of the year; the opening months of 1975 have the pre-Budget boom on their side while the comparable 1974 period was held back by the three-day week. UDS's capital spending is staying on the right side of net cash flow and group borrowings are actually down on a year ago. At 100p a yield of 7.3 per cent. is covered nearly twice.

E. CHALMERS

E. Chalmers states that the final dividend announced on May 8 of 5.5 per cent. has now been amended to 5.267 per cent. net making a total amended to 10.767 per cent. against 9.929 per cent.

INDEX TO COMPANY HIGHLIGHTS

Wood Hall forecasts £2.6m. fall

FIRST HALF group pre-tax profit of Wood Hall Trust decreased from £4.45m. to £3.67m. and the directors forecast a contraction from £8.12m. to around £5.5m. for the full year to June 30, 1975.

However, they expect to lift the gross dividend from 22.05 to 24.81 per cent. — the maximum permitted. The amount to be distributed will be £988,803, or equal to £1,521,235 (£1,325,347) with tax credit.

The expected reduction in profit will be mainly attributable to Australian Mercantile Land and Finance, which suffered severely from the depression in the Australian rural industry which commenced early in 1974 and is still continuing, the directors explain.

	Six months 1974 £000	1973 £000
Turnover	103,660	122,694
Profits before tax	3,667	4,445
U.K. tax	1,141	935
Overseas	787	1,569
Minority	149	29
Attributable	1,590	1,912

In addition, exceptional profits, less losses, of a capital and non taxable nature, of £210,963 were realised in the current half-year (£32,784).

● comment

Although conditions are toughening on all fronts, Wood Hall Trust points to its Australian pastoral subsidiary as the main culprit behind the first half 17 per cent. slip in profits. The outlook for the pastoral company remains depressed, and perhaps at best all that can be hoped for is a break-even situation by the year-end. This will effectively reduce the year's profits by £2.8m. against the comparable period and thus virtually accounts for all the forecast profit fall. At 90p the prospective yield at 6.9 per cent. is already taking a view on the hoped-for recovery in Australia after 1975.

Industrial & General earnings up

AFTER all charges and tax, revenue of The Industrial and General Trust expanded from £2.58m. to £2.68m. in the year to March 31, 1975.

Gross income for the year was £6.59m. (£5m.).

Net earnings per 25p share are shown to be up from 1.27p to 1.31p and the dividend total is increased from 1.1p to 1.14p net, with a final of 0.72p. The total absorbs £2.33m., against £2.24m.

Corporation tax, including foreign withholding tax of £167,204 (£142,909), amounted to £276,402 (£292,940): income tax on franked investment income received before April 5, 1973 charged for 1973-74 was £104,442; and imputed tax on franked investment income received after April 5, 1973 totalled £1.12m. (£988,072).

After deducting prior charges at par, including the full investment currency premium, and assuming full conversion of the 4½ per cent. Convertible Debenture Stock 1994-98, net asset value is 43p (same).

Concentric first half surge

WITH pre-tax profit of Concentric more than doubled from £208,484 to £475,479 for the 26 weeks to March 29, 1975, chairman, Mr. D. F. Dodd, is confident that this improvement will continue and be reflected in the results for the full year.

Interim dividend is kept at 0.7p net. For the full year to September 28, 1974 dividends totalled 1.6p, paid on a pre-tax profit of £613,383.

During the period Concentric Engineering Pty. sold its 51 per cent. holding in Audco Concentric and therefore no profits from Audco are included.

Mr. Dodd refers to his annual statement, in which he indicated that the tax relief on stock introduced in the November, 1974 Budget assisted the group's cash flow by £230,000. The further relief announced in April should defer payment of at least another £100,000 of tax, he adds.

	26 weeks 1975 £	1974 £
External turnover	10,428,000	7,313,000
Group profit	477,154	285,612
Shares associate	24,897	25,295
Loan stock int.	26,572	26,923
Exceptional items	—	75,000
Pre-tax profit*	475,479	208,484
Tax	224,143	110,188
Net attributable	251,336	98,296

* After depreciation £195,921 (£152,864).

● comment

After losses of £16,000 in 1974, Concentric's controls, valves and pumps division has accounted for about one-half of the interim pre-tax profits total. The improvement stemmed largely from the automotive pumps side, which has had good production runs and no strike problems among its customers. Elsewhere, gas appliance valves and industrial controls have been rather disappointing but together with a reorganised pressings and fabrication division are all on an improving trend. The same cannot be said of metal merchanting and refining, some four-fifths of profits last year, which has suffered from falling prices and lower volume. A £230,000 stock deferral has helped to hold borrowings at around £2m., about half of 1974 shareholders funds. The outlook is for pre-tax profits of around £1m. which would cover a yield of 11.7 per cent. at 22p, on a maintained final, nearly twice.

Lloyds & Scottish recovers

FOR THE half-year ended March 31, 1975 profits, before tax, of Lloyds and Scottish have recovered from £5.02m. to £6.06m., following the reduction from £6.5m. to £5.5m. in the second half of 1973-74.

The total volume of the group's business has remained fairly steady, the directors state.

Under current economic conditions there is "little scope for significant growth" in present activities, but in the circumstances they consider that the outlook for the year as a whole is satisfactory.

The interim dividend is unchanged at 1.26p net per 20p share—the 1973-74 total was 3.01p. At November 30, 1974, Lloyds Bank and Royal Bank of Scotland each held 41.1 per cent. of the group's equity.

	First half 1974-75 £000	1973-74 £000
Profit	6,058	5,017
Taxation*	3,128	2,613
Net profit	2,930	2,404
Minorities	109	78
Attributable	2,821	2,326
Retained	1,536	1,232

* Including overseas £191,000 (£246,000).

● comment

The fall in interest rates has been beneficial to Lloyds and Scottish, but the effect has been reduced by the need to replace £24m. out of the £54m. remaining term money at floating rates some 3 or 4 points higher, while overall business totals have been little changed. On the motor side, the two-year limit on credit is making it very hard to maintain overall volume, despite the group's improved share of the market. And demand for industrial credit has turned weak, though there are hopes it may pick up after the referendum. Meanwhile the television and retailing interests will be in for a quiet time, after raising profits during the first half, and the situation at British Relay is still being examined—only comparatively minor steps have been taken so far to improve efficiency. If L and S doubles up to £12m. pre-tax for the full year, the p/e would be around 11.5 at 66½p, which may be high enough for the moment.

Statement, page 22

Peak profit from W. Williams

Profit before tax of W. Williams and Sons (Holdings), non-ferrous metal diecasters, founders, stockists and engineers, was a record £312,944, against £276,186 previously, for 1974.

The final dividend is kep at 0.95p net and raises the total from 1.50125p to 1.55p. The final will be paid on the increased capital resulting from the issue of 30,000 25p shares by way of a scrip dividend in lieu of cash made on January 13.

	1974 £	1973 £
Group turnover	6,482,059	5,006,216
Profit before tax	312,944	276,186
Tax	161,320	127,633
Net profit	151,624	150,553
Dividend	29,704	21,496
Capitalised issue	—	200,000
Forward	742,866	620,746

Receiver for Bacal Contracting

Bacal Contracting yesterday stated that following a complete review of the company's affairs, the directors considered that, in the light of the recent appointment of a receiver and manager to the majority of the other Bacal Group companies, it was no longer possible for the company to continue to operate in its present form.

They have accordingly requested the company's bankers to appoint a receiver and manager.

Active discussions are, however, being carried on with a view to preserving the majority of the major contracts and the entire workforce, and the directors have agreed to assign the benefit of these contracts to a new subsidiary, Limeport.

United Newspapers prospects

THE REAL challenge faced by United Newspapers in 1974 was dealing with heavy pressure on margins, and that remains the continuing scenario for the current year, says the chairman, Sir William Barnetson.

Every effort is being made to preserve margins by increasing turnover, both in volume and in revenue terms, and rate structures are "well geared" to take advantage of any upturn in national trading conditions.

But Sir William stresses that 1975 will be a "difficult and challenging year."

As known, group pre-tax profit decreased from £7.01m. to £5.3m in 1974, and the dividend is a maximum permitted 10.6618p net per share. A first half downturn was significantly reduced in the second, when margins were improved by higher advertising rates and cover prices.

An analysis of turnover and trading profit shows newspaper publishing £26.41m. and £4m.; magazine publishing £2.19m. and £43,434; general printing and stationery sales £3m. and £268,634; miscellaneous £0.63m. and £37,708.

A capital project, estimated to cost £5m., is in hand for the evening paper at Northampton. The new works is expected to be operational towards the end of 1977.

Meeting, 23-27, Tudor Street, E.C., June 10, noon.

Chairman's statement, page 26

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Boots	2.85	July 17	2.66	4.48	4.13
Brent Walker	0.59	June 10	—	0.94	0.8
Burma Mines	0.09	July 18	Nil	0.09	Nil
Burma Mines ...int.	0.11	July 18	Nil	—	0.09
Cakebread Robey	0.5	—	0.8	1.08	1.08
Cater Ryder	11.05	July 4	4.02	14.4	7.52
Sir J. Causton ...int.	Nil	—	0.67	—	1.67
Concentric ...int.	0.7	July 1	0.7	—	1.6
Duncan & Goodricke	14.24	—	14.24	17.54	17.54
Dunlop	1.63	—	1.67	3.3	3.43
Edinburgh Industrial	Nil	—	0.18	Nil	0.44
First Guernsey Secs.	3(a)	—	3	3	3
Fluidrive ...int.	0.72	—	0.74	—	2.32
FPA Construction	0.63	—	0.97	1.63	1.89
Harcros Invest.	1.12	July 5	1.04	1.4	1.32
Hield Bros.	0.74	July 1	0.68	0.74	0.68
Hunting Gibson	4.02	July 11	4.61	9.02	8.28
Industrial & General	0.72	June 27	0.68	1.14	1.1
King & Shaxson	2.14	June 20	2.0	2.84	2.61
Lloyds & Scottish ...int.	1.26	Aug. 1	1.26	—	3.01
J. N. Nichols	4.5	July 10	3.5	6.5	6.5
Northern American ...int.	0.7	July 1	0.7	—	2.2
Pyramid Group	1.29	—	1.29	1.83	1.85
Sabah Timber	0.87	July 15	0.78	1.22	1.13
Scottish European	1.1	July 7	1.0	1.1	1.0
O. C. Summers	1.25	—	2.1	2.5	3.4
UDS Group	2.68	—	2.39	4.69	4.40
Whitbread Investment	3.39	July 16	3.27	5.59	5.37
W. Williams & Sons	0.95	July 8	0.95	1.55	1.50

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout.

Hunting Gibson tops forecast

AGAINST a forecast of "somewhat less" than the 1973 record profit of £2.84m., the 1974 pre-tax figure for Hunting Gibson has increased to £3.43m. For 1973, however, there was also a profit of £594,000 in respect of the sale of a vessel which raised that year's balance to £3.43m.

Stated earnings per £1 share for the year decreased from 98p to 75p. The net dividend total is raised from 8.282925p to 9.0174465p with a final of 4.0174465p.

The new chairman, Mr. C. Hunting, says profits are much better than expected at the beginning of the year or at the time of the interim statement.

He also points out that about three-quarters of the profits arose from overseas, mainly from Canada and France.

Turnover (£000s omitted) expanded from £87,787 to £118,534, comprising shipowning and ship management £4,982 (£4,068); ship, oil and air broking £3,403 (£3,108); industrial painting contracting £2,755 (£2,465); marketing and gathering crude oil £107,333 (£58,146) including crude oil sales of £105,353 (£56,387); oil and gas producing £61 (nil).

A geographical (£'000s omitted) split of turnover and profit shows U.K. £25,699 (£8,531) and £1,130 (£2,043); France £1,559 (£1,110) and £1,046 (£765); Canada £91,215 (£58,146) and £1,447 (£836); U.S. £61 and £32 loss (nil).

As from June 30 the new offices will be at 118-127 Park Lane, W.

● comment

Hunting Gibson's second-half profits are about £0.6m. ahead of interim expectations and, after absorbing a £1.1m. drop to losses on shipping, overall pre-tax profits are all but maintained; excluding ship sales profits are a fifth higher. The question now is how far profits will fall in 1975. In addition to losses on commitments to the Seabridge consortium, market conditions are tough for the remainder of the group's fleet, and shipbroking, which seems to have at least maintained profits in 1974, will enjoy progressively less benefit from long-term tanker charters. Although unquantified, stock profits clearly lie behind a near-doubling of profits on crude oil sales (now accounting for up to a half of pre-tax profits) and the outcome this year will depend on current price negotiations in Canada. Overall, a rough indication of the trend is a two-fifths fall in second-half trading profits. The shares at 130p yield 10.8 per cent, but the dividend is covered over eight times.

£749,000 by Tranwood

Pre-tax profits of the enlarged Tranwood Group—which now takes in Benson's Hosiery—in the year to January 31, 1975, totalled £749,000 and the directors intend to recommend a special dividend in respect of the period of 1.5p per share gross, payable in July.

It is also proposed, on the basis of those profits, to recommend annual dividends of 2.5p per share gross.

The company states that in the first quarter of the current year both the printing and the distribution and retail divisions achieved increased turnover but, although recently there has been an improvement in trading of the packaging division which is expected to make a useful contribution to the year's results, sales of polythene sheeting have been well below those of the previous trading period and margins in this division have been "severely reduced."

Details of the enlarged group show that joint net tangible assets of Tranwood and Benson's at January 31 were £434,000.

Mr. B. G. S. Norman, the managing director, has a service contract expiring on January 31, 1980, at a salary, inclusive of directors' fees, of £15,000 a year.

Dealings in shares of the new holding company are expected to start next Monday, May 19.

Downturn at Sabah Timber

TAXABLE PROFITS for 1974 of Sabah Timber Company, a subsidiary of Harrisons and Crosfield, fell from £9.76m. to £6.07m. after £4.2m. against £5.06m. for the first half.

Earnings are shown to be down from 11.55p to 6.68p per 10p share. The dividend is lifted from 1.1281p to the maximum permitted 1.22414p net, with a final of 0.87414p.

	1974 £	1973 £
U.K. turnover	48,441,079	40,987,817
Sabah turnover	3,609,631	6,039,954
Making	52,050,710	46,970,771
Profit	6,067,031	9,762,016
U.K. Malaysian tax†	3,340,365	5,130,731
Pre-acquisition	—	18,326
Minority	3,601	2,830
Extraord. debits	115,600	*4,704
Attributable	2,608,165	4,622,913
Interim dividend	146,396	140,009
Proposed final	370,534	316,121
Transitional relief	39,939	39,939
To reserves	3,131,184	4,206,731

† £3.63m. provided for U.K. tax in 1973 and 1974 accounts deferred under provisions of last two budgets relating to stocks. * Credits.

● comment

The downturn in the timber cycle has duly eaten into Sabah's profitability. For 1974 the group is 38 per cent. lower pre-tax with the second-half sustaining a fall of £2.8m. to £1.8m. However, Sabah should not have any gearing problems to contend with (the year opened with net cash of around £2.5m.), the dividend has gone up and a yield of 7.4 per cent. is still covered more than five times. The shares rose 1p to 26p yesterday

Scottish European

Scottish European Investment is lifting its dividend from 1p to 1.1p net per 25p share for the year to March 31, 1975. The gross equivalent is up from 1.4925p to 1.6923p.

Gross income for the year amounted to £1,377,055 against £1,321,032, with the balance available for Ordinary dividend £202,866 against £153,519. Cost of the dividend is £165,000 (£150,000).

Asset value per share, which was 49½p (74½p) at March 31, has improved to 56.4p at April 30 last, it is disclosed.

ISSUE NEWS

Akroyd & Smithers introduction

Akroyd and Smithers, announces that it is applying for a listing of the issued share capital by means of an introduction.

The present share capital, consisting of 500,000 Preferred Ordinary £1 shares and 1.5m. Ordinary shares, is to be converted into one class of capital and sub-divided into shares of 25p. The capital on listing will become 8m. Ordinary shares of 25p.

First half figures show that pre-tax profits rose 140 per cent. to £5.66m. pre-tax, in a period during which fluctuations in volume of turnover and extremes of price movement must have been unprecedented, it is stated.

	25 weeks 1975	1974	Year 1973-74
	£m.	£m.	£m.
Turnover*	6,844	3,759	8,723
	£000	£000	£000
Profit	5,668	2,357	3,547
Tax	3,348	1,248	1,860
Net profit	2,312	1,109	1,687
Extraordinary debit	40	—	—
Pref. dividend	—	—	226
Ord. dividend	240	—	547
Retained	2,032	1,109	914
Earnings per share†	115.6p	55.5p	84.4p

* Aggregate value of sold bargains. † Before extraordinary item.

An extraordinary meeting is called for June 9, to approve the capital reorganisation, and details are expected to be published on June 11.

Brokers to the introduction are Hoare and Co., Govett.

See Lex

COLNE VALLEY WATER

The offer for sale by tender by Colne Valley Water Company of £2½m. 9 per cent. Redeemable Preference Stock, 1980, at a minimum price of £99 per cent. attracted applications for £5,303,000 of stock. The average price obtained was £100.0098 and the lowest price to receive partial allotment was £99.76.

Dealings will start on May 19. Brokers to the issue are Seymour Pierce and Co.

3% SAVINGS BONDS

The Treasury has announced that no conversion offer will be made for holdings of 3 per cent. Savings Bonds 1965-75. This stock matures on August 15, 1975 and will be redeemed at par.

PRESTON MINES

Preston Mines announces that it is planning a rights issue in mid-June to raise around $10m. With general funds available this will enable the company to take up its proportion of common shares to be issued by Rio Algom pursuant to a concurrent rights offer by Rio Algom.

Record £65.67m. from Boots: 100% scrip

RECORD PROFITS, up from £63.72m. to £65.67m. in the year to March 31, 1975, a maximum permitted dividend of 4.482p net, against 4.1257p; and a proposed one-for-one scrip issue are announced by The Boots Company. The final dividend is lifted from 2.6557p to 2.8542p.

When reporting first half profit down from £27.76m. to £26.42m. the directors said that if the sales performance continued in the second half and margins were not further reduced, they felt the outcome for the year should compare more favourably with the previous year than was the case with the first half.

Sales for the year increased by 20.4 per cent. of which about 5 per cent. was attributable to increased volume.

	1974-75 £000	1973-74 £000
Net world sales	531,183	441,471
Less VAT	28,672	27,283
Leaving	502,511	414,188
Trading profit	66,495	64,563
Loan capital int.	822	839
Pre-tax profit	65,673	63,724
Taxation	33,990	32,805
Net profit	31,683	30,919
Minorities	273	158
Attributable	31,410	30,761
Dividends	7,983	7,347
Retained	23,427	23,414

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Finals:—Allied Leather, Bonas Webb, W. Goodkind, Hanger Investments, James Harrison, Imperial Cold Storage, Steel Bros., Stonehill Holdings, Viking Resources Trust, Viners.

FUTURE DATES

Interims:—

K Shoes	May 29
Proprietors of Hays Wharf	May 22
Redfearn National Glass	May 21
Woodchill Property	May 21

Finals:—

Chamberlain Phipps	Jun. 4
Firmin	Jun. 2
Grand Metropolitan	Jun. 13
Grant Bros.	May 22
Hargreaves	Jun. 17
International Combustion	May 21
Lankro Chemicals	Jun. 16
Transparent Paper	May 21

of 140p a share which is almost unchanged from last year (139p) "and ignores any further increase arising as properties still under development are completed and also any surplus over book value of assets other than investment properties."

As reported on May 3, pre-tax revenue fell from £1.53m. to £0.59m. in 1974 and the dividend total is held at 2.15p net. Net income of £1.92m. (£2.23m.) is made up as to property investment £0.97m. (£0.66m.), residential development £0.59m. (£1.36m.) and contracting £0.36m. (£0.21m.).

Meeting, Sidcup on June 6 at 2.30 p.m.

Rush & Tompkins outlook

WITH AN appropriately streamlined organisation, chairman Mr. D. J. Palmar believes that Rush and Tompkins Group will succeed again in 1975 "to preserve our net worth and to earn sufficient profits to cover dividends."

He warns, however, that there is little doubt that 1975 will prove to be "yet another difficult year." The volume of total construction work in the U.K. remains low, but he believes the company is obtaining a larger share and that this will continue.

"We have spent some months in laying the foundations for a major resumption of work overseas and I hope that we shall be able to build on these during this year and next," Mr. Palmar adds.

He forecasts a growth in income from existing properties. In 1974 the net rental income was £734,000, of which £237,000 represented rents which are due for review between January 1, 1975 and September 30, 1976.

Mr. Palmar reports that there has been a considerable reduction in the proportion of short-term loans and it is the group's intention to generate an increasing cash flow from its construction activities to reduce even further the dependence on short-term borrowing.

The directors consider that investment properties shown in the consolidated balance sheet at £11.1m. have a value of not less than £16.5m. No part of the excess over book value has been reflected in the accounts.

This produces a net asset value

Frizzell profit tops £1m.

Group profits, before tax, of Lloyd's insurance brokers, The Frizzell Group, increased from £0.92m. to £1.04m. in 1974, and stated earnings per 25p share advanced from 22.1p to 24p.

The chairman, Mr. N. R. Frizzell, says economic difficulties make it difficult to forecast current year results.

As a result of investing in new areas substantial growth for the future is hoped for although, with inflation pushing up salaries and additional costs of the new ventures not being offset by immediate profits, results this year will not show the growth of past years.

	1974 £000	1973 £000
Profit before tax	*1,069	922
Taxation	588	494
Net profit	482	428
Extra-ordinary credits	1,578	45
Available	2,080	467
Dividends	289	264
Retained	1,791	203

* Insurance broking and underwriting agency management £903,000, credit finance £165,000.

The sale last August of Frizzell House, Poole, produced a substantial profit, and the resulting increase in liquid resources enabled the directors to allocate funds for both consolidation and expansion.

Chairman's statement, page 25

Scottish Heritable record

From turnover of £7.59m. against £5.8m., taxable profits of Scottish Heritable Trust, advanced by 15 per cent. from £435,062 to a record £503,883 in 1974.

However, the directors say that current year profits are being affected by the adverse property market, Government restrictions on margins, and rising costs. Increased turnover, which in the past has helped to alleviate these problems, is now proving more difficult to obtain, they add.

The dividend is lifted from 1.347p to the maximum permitted 1.49p net with a final of 0.79p, and it is proposed to capitalise reserves of £300,000 by making a scrip issue.

	1974 £	1973 £
Group turnover	7,588,679	[illegible]
Profit before tax	503,883	435,062
Prop. and invests.	283,277	190,898
Carpets, etc.	361,783	360,554
Hairdressing supplies	111,531	22,805
Motor supplies	51,617	42,535
Plant hire	157,071	132,812
Group expenses	84,899	50,102
Interest payable	241,064	164,542
Taxation	204,446	204,597
Extraord. credits	32,517	*12,556
Pref. dividend	14,700	14,700
Available to Ord.	317,354	[illegible]
Ordinary divs.	41,720	37,716
To reserves	32,817	†12,556
Retained	243,017	‡[illegible]

‡ Loss. * Debits. † From reserves.

Jersey Gen. improved

For the year ended April 30, 1975 profits of Jersey General Investment Trust rose from £498,856 to £529,438.

A final payment of 5.5p gross lifts the dividend total from 8.5p to 9.3p at a cost of £487,720 compared with £421,960.

Total net assets were £15.73m. (£12.92m.) equivalent to 261.75p (312.75p) per £1 Ordinary Share.

Guinness Malaysia

Guinness Malaysia reports an unaudited pre-tax profit of $M6.9m., against $M6.5m. for the half-year ended February 28, on sales revenue up to $M44.6m. from $41.7m.

The interim dividend is 7½ cents to be paid out of accumulated pioneer income and will be free of Malaysian income tax.

Barring unforeseen circumstances, profits for the year 1974-75 will show a small improvement over those of 1973-74, the company says.

Office & Electronic hopeful

THE chairman of Office and Electronic Machines, Mr. E. Markus, tells members the profit margin on group turnover will be lower in the current year than in 1974, but the increase in overall turnover should be more than sufficient to ensure maintenance of profits, and to provide an increase if turnover revives on a broad front.

The addition of the Imperial business, without the need to raise further capital, should ensure a "substantial increase" in turnover, and the first two months' trading of the new Imperial subsidiary has borne this out.

Some reduction in debtors has been achieved, and there has been a swing from a net overdraft position to a "substantial cash balance," which has cleared the path for further expansion.

The purchase consideration for Imperial Business Equipment is not yet finally determined but will be about £1m. payable as to £100,000 on July 1, 1975 and the balance in three equal instalments, 12, 18 and 24 months from February 28, 1975, without interest.

Meeting, Carlton Tower Hotel, SW, on June 10 at noon.

Alfred Walker setback

Profit before tax of building contractors and property developers Alfred Walker and Son more than halved from £424,000 to £211,000 for 1974, after a decline from £178,000 to £111,000 at half way.

Earnings per 10p share are shown to be down from 5.8p to 2.93p. The dividend is maintained at 1.73p net.

Mr. P. W. Walker has retired as a director and Mr. R. A. L. Walker has been appointed chairman. Mr. B. D. Yates is now managing director.

	1974 £000	1973 £000
Turnover	4,209	4,396
Profits	211	424
Tax	109	214
Net profit	102	210
Minorities	14	36
Extra-ord. debits	14	—
Attributable	74	174
Dividends	32	32

SWS de-listing in Canada

As Slater, Walker Securities no longer has any interests in Canada, and as the number of shareholders on the Canadian register is quite small, the directors believe there is no longer any need for a separate listing of the shares to be maintained in the Canadian securities market.

Accordingly, application has been made to the Toronto Stock Exchange for the Ordinary shares to be de-listed. This has been approved by the Exchange and the de-listing will become effective as of the close of business on June 12 next.

The "Shell" Transport and Trading Company, Limited

The Annual General Meeting of the Company was held yesterday in London. Sir Frank McFadzean, the Chairman, in his speech said:

The date of the Annual General Meeting this year is later than normal because of the time taken to compile the supplementary statements in the Annual Report showing certain adjustments required to meet some, at least, of the problems posed by inflation.

The effect of inflation on business is many-sided; the oil industry in particular has had to deal with additional cost increases imposed by the governments of oil-exporting countries. In the case of stocks, the traditional First-in First-out, or FIFO, basis of accounting can show profits which are substantial but of a fictional nature in the sense that they can only be realized if the business is liquidated in whole or in part. It is still inadequately understood that in times of high inflation, when the replacement cost of stocks exceeds not only the historic cost but also current market prices, it is possible for companies to show very high profits while the underlying reality is that they are being squeezed out of business.

As regards Group performance in 1974, abnormal stock appreciation was a major contributor to the profit earned on the international oil business outside North America.

Apart from the stock problem, the maintenance of accounts on a historical cost basis during inflationary periods can produce two other distortions. Profits are overstated as a result of depreciation provisions that are not sufficient to replace the assets involved; and the return on capital tends to be overstated due to historical costs being substantially lower than current value. You will have noted from the supplementary Group financial statements in the Annual Report that, on the basis of the current purchasing power of sterling, the provisions for depreciation, depletion and amortization increased from £456 million to £839 million in 1974 while income as a percentage of average net assets was reduced from 23·7% to 11·7%. The proportion of Group net income paid out for 1974 as dividends to the Parent Companies increased from 25% on the conventional basis to 33% on the current purchasing power basis.

It is essential that this considerable impact of inflation on business activity should be made clear and it is encouraging to see that a number of other large companies in Europe and the United States have carried out similar exercises.

The time allowed for this new procedure brought us very close to the date when we announce the first quarter Group results. We therefore decided to combine this with the Annual General Meeting and the quarterly announcement was made a few minutes ago when this meeting began. The figures show a continuation of the downward trend that began in the fourth quarter of last year with net income, at £220 million, 31% lower than the £319 million earned in the first quarter of 1974, but this included an estimated £125 million of abnormal stock profits.

In oil trading outside North America, falling demand affected prices throughout the quarter. This continued decline in sales volumes increased unit costs and, with stock appreciation now much less prominent, margins were down. Income from Shell Oil Company in the United States was lower, as a result of the recent changes in United States tax legislation.

The chemicals business outside North America was also seriously affected by lower sales volumes and its contribution to earnings was markedly reduced. On the other hand, natural gas sales volumes and earnings continued to rise. That then is the broad picture for the quarter, not out of line with the industry as a whole.

When we met last year reference was made to the radical changes taking place in the oil business as a result of the decision by members of OPEC, in October 1973, that in future they alone would determine the price of crude oil. Now the results for 1974 and the first quarter of 1975 show how profound the transformation has been.

Firstly, the huge price increases imposed by the oil-exporting countries obliged the oil companies to operate on a greatly enlarged financial scale. For example, although volumes were down there was an 85% increase in Group revenues in 1974 compared with 1973, an 88% increase in costs and a 116% increase in the funds required to finance stocks of oil. In these circumstances, the careful husbanding of Group financial resources became, more than ever, a matter of overriding importance. During 1974 the Group long-term debt increased only marginally and, as a proportion of total capital employed, it fell from 21% to 19%. Holdings of cash and securities at year end were £1,662 million or 58% higher than at the end of 1973, but represented about 10% of gross proceeds as they did the previous year. In all, therefore, the Group financial position at the end of this turbulent year kept pace with the changed financial scale of the business.

Secondly, there was the unprecedented fall in demand which has continued into the first quarter of 1975. Several factors have operated to cause this reduction — the world-wide economic downturn, another unusually mild winter and various conservation measures; but there has also been considerable consumer reaction to the sharp price increases. It is difficult to see any dramatic turnaround in the short run. As a consequence Shell companies, in common with others, have substantial spare capacity in tankers, refining and marketing facilities and this is having its effect on profitability.

There is another aspect of change within the oil industry which may turn out to be the most significant. Although no final pattern has yet emerged, companies are being faced with the loss of ownership of crude oil production in several of the exporting countries as government participation in concessions moves towards 100% from the 60% generally established in January 1974.

This does not mean that Shell companies are being forced out of the oil business, or that the customers will go short. Nor does it necessarily mean that 100% will become universal. There are producing countries for whom a continuing company equity stake may be attractive; and there are consuming countries, anxious for their own production, where the full contribution of the companies is welcome. What the loss of equity in the main exporting countries does mean is that Shell companies are increasingly becoming buyers of most of the crude oil needed to supply their trading systems. Their expertise and other resources, however, are still in demand. In many producing countries they are continuing to work concessions under new arrangements, and their capacity for moving, refining and selling oil world-wide remains as important as ever to governments everywhere. Moreover, if the type of crude oil purchase recently concluded with Kuwait can be negotiated with other producing countries, it should be possible to restore, at least in part, the Group supply flexibility which has traditionally yielded important economies to both producers and consumers.

The one unchanging fact in a swiftly changing situation is that the oil — whoever owns it, whatever its price and wherever it comes from — has to keep flowing. We are fortunate that Shell companies are particularly strong in the downstream side of the business: that is, in the complex operations of oil transportation and supply, in manufacturing and in marketing. The markets lost by recent nationalizations and disposals represent only a small percentage of total volume.

The logistical skills of Shell companies, some of which you have seen illustrated in the Annual Report, and the widespread physical assets built up over a long period of time, are now providing additional opportunities. For example, a new Group trading unit has been set up primarily to handle the international procurement and programming of oil supplies for Shell operating companies. Meanwhile, Shell expertise in drilling, manufacturing, shipping and product distribution is available — or will soon be made available — to third parties where it is commercially attractive. The profit generated by these ventures may not be large in Group terms, but in this way we believe the best possible use can be made of people and assets.

Let us now look at the sizeable proportion of Group interests in North America and in non-oil activities. Shell Oil Company in the United States and Shell Canada recorded strong earnings performances in 1974 from oil, gas and chemicals sales. They too have their difficulties; for example, the decision of the United States Congress to end the percentage depletion allowance on oil and some gas production is expected to add well over $100 million to Shell Oil Company's 1975 tax bill. However, Shell Oil continues its efforts to secure further sources of crude oil — in the Gulf of Mexico, for instance, and in various ventures outside the United States.

The gas business outside North America is also performing well. We are now seeing the successful result of very heavy investment over the years in the Netherlands and North Sea gasfields and in the development of international trade in liquefied natural gas. The Brunei-Japan LNG project is building up on schedule. Meanwhile, a scheme proposed jointly by Shell International Gas and BP for the export of liquefied natural gas from Nigeria is now under discussion with the Nigerian government.

Heavy investment in recent years has also been an important factor in the improvement in chemicals profitability. Chemicals made a substantial contribution to Group earnings in 1974, at last reaching the profit levels required to finance the expansion necessary. The heavy organic chemicals sector of the industry, in which Shell companies are particularly strong, is however very sensitive to economic change and by the end of the year the build-up of the recession had reduced demand and was beginning to affect prices.

On a much more modest scale the Billiton companies' metals interests are also contributing to Group earnings. For the longer term there are promising prospects in the international coal business, and there is a continuing Group interest in nuclear energy, mainly in the development by General Atomic Company of the high-temperature gas-cooled reactor. Nuclear energy will have to supply an increasing share of the world's future energy demand and it is felt that this reactor could have an important role to play. However, serious difficulties in the electric utilities industry in the United States are affecting the biggest market for nuclear reactors and at this juncture developments must be watched with particular care.

I have dealt more fully than in previous years with non-oil activities because of their increasing importance to the Group. However, there is no doubt that oil will remain a major factor in the world energy scene, and in Group operations, for a long time to come. As you will have seen in the Annual Report, Shell companies continue to be active in searching for reserves in new areas, including the North Sea, the Far East, Australasia and off the coast of Africa, and a sizeable proportion of 1974 investment was directed to oil exploration and production. This side of the business will continue to call for heavy spending as these new sources are developed.

Take for example the British sector of the North Sea. As mentioned in the Foreword to the Annual Report, Shell U.K. and its North Sea partners expect to spend well over £3,000 million between now and 1980. When the first concrete platform for Brent — which is pictured on page 17 of the Report — is completed and all its wells drilled it will have cost more than £100 million. Initial production from this field is expected next year and from the smaller Auk field by the end of this year. To give an idea of some of the difficulties, adverse weather has caused considerable delay to the completion of the Auk platform by reducing installation work to only 56 days in the first six months of its location in the field.

You will have noted from the Press the introduction of the Petroleum Revenue Tax. As you are aware we have not, since the escalation in crude oil costs as a result of OPEC action, opposed the principle of such a tax. While we do not agree with all its provisions, the industry in our view was given a fair hearing in the discussions that took place before its introduction. The proposed 51% government participation in existing concessions is, however, a different matter.

There is little doubt that the Petroleum Revenue Tax and appropriate legislation on the conditions for developing the North Sea could have safeguarded adequately the 'public interest' without participation. The British National Oil Corporation represents another level of decision-making and just how much authority and freedom from political intervention it will enjoy is not clear from the proposed legislation. It will not be able to contribute in either a technical or managerial sense to North Sea oil problems for a long period to come. The staff it requires is in short supply; to the extent that it succeeds in recruiting from existing operators it must slow down the North Sea effort; to the extent that it fails to recruit it will be committing public money without adequate supervision.

With a government net borrowing requirement in the current budget of the order of £9,000 million and no clear idea of where it is coming from, it seems strange to put additional burdens on the public purse. The usual excuses for intervention are absent. No one has suggested the industry is either technically or managerially incompetent: no one has suggested that we have failed the nation by not investing enough. It is difficult to escape the conclusion that participation is just another genuflection to political dogma without any great thought being given to the subject.

Before moving away from the British scene, we believe it is important for you to know where we stand on the question of Britain and the Common Market. The United Kingdom is the largest market for Shell products outside North America and we have immense investments here. The future prosperity of this country is therefore a matter of vital concern to us, and that prosperity in our view depends upon continuing membership of the European Community. We therefore consider it is in the interests of the Shell companies that operate in the U.K., of the employees, and of the shareholders, that Britain should stay in.

Returning now to the wider Group business, capital expenditure this year — including the North Sea — is likely to be appreciably above last year's level. Indeed, there are plenty of investment opportunities but there is not enough money for all of them, and forward programmes must be highly selective. To my mind the many calls on available funds are a sign of the underlying health of the business. The fact is that any enterprise has its problems and there is a danger in the present circumstances of becoming too gloomy.

At the time of the last Annual General Meeting we were just emerging from a crisis in which the companies bore the brunt of maintaining the equitable world-wide supply of oil in the face of considerable shortage — and with little help or guidance from the majority of consumer governments. Students of politics and social psychology will probably understand why the behaviour of the companies during this period has come under attack and has been investigated both in Europe and the United States. The findings of these inquiries have indicated that the companies acted as best they could in the interests of the countries concerned and not for their own short-term commercial advantage.

The governmental paralysis has now given way long after the event to much diplomatic and political activity. For example, the International Energy Agency has been set up, with a membership of 18 consumer countries. We recognize that in the new situation governments must play an increasing role, particularly in the formation of energy policy. Our concern is that at the same time they should take account of the companies' needs.

At the moment energy demand has suffered a setback; but it will recover as the world comes out of recession and will continue its growth. Meeting it will be a tremendous task, in which the industry is already deeply involved. Those who do the job and take the risks need not only to know the conditions but also to have a reasonable assurance of their continuing stability. I would add this: new initiatives must be encouraged and successful effort rewarded. Investment will only be forthcoming on the scale required provided there are reasonable chances of making an adequate return.

Finally, I would like to say a word about the dividend. The Board is fully aware that shareholders have suffered in recent years as a result of government restrictions on the growth of dividend payments. This year we are increasing the amount proposed for distribution by the maximum permitted under the present regulations.

This is still less than the amount of dividends received by Shell Transport from its investment in the Royal Dutch/Shell Group and the proposed distribution would have been further increased in the absence of restraint.

I believe that dividend restraint, apart from unfairly penalizing, at a time of high inflation, the millions whose savings are invested directly or indirectly in ordinary shares, causes long-term harm to the economy by leading to distortions in the allocation of capital resources. I hope we shall soon see the end of it.

The Report of the Directors and the Accounts of the Company for the year 1974 were adopted and a final dividend for 1974 of 6·778p per 25p Ordinary Share was declared, payable May 27, 1975.

The Hon Peter Samuel, MC, TD, the Rt Hon Lord Cole, GBE, and Sir Denis Wright, GCMG, were re-elected as Directors.

The Board was authorized to fix the remuneration of the Auditors for 1975.

The Meeting concluded with a vote of thanks by Mr F E P Sandilands, CBE.

A. P. Cement running at 78% of capacity

ADDRESSING the annual meeting of Associated Portland Cement yesterday, the chairman, Mr. Norman Mullins, said that at the moment the group was running at 78 per cent. of capacity.

As to the rest of 1975, he expressed the view that it would be unwise to give any forecast, particularly bearing in mind that over 50 per cent. of production went in contracts which were subject to Government control.

Mr. Mullins also recalled that, during the difficult days early last year, they had been forced to supply the home market with cement and consequently were forced to withdraw their exports.

Some markets were lost and he added that, once a market was lost, it was always very difficult to get back in, especially since, during the last nine months, there had been world-wide over-production of cement and that competition had now become extremely keen.

Mr. Mullins said that, to conserve energy, they had been carrying out research for many years. They had over the past two years made savings of just over 4 per cent. in production costs, and were now proceeding with experiments for burning waste material to conserve further fuel. "It is becoming increasingly difficult to justify high expenditure to increase production at existing works where there is no market for the end product," he said.

"This is something the Government loses sight of when exhorting companies to spend more money on plant when we have not got the sales when we have produced."

Mr. Mullins also drew attention to the fact that just over 60 per cent. of the group profits came from overseas and added: "I would not like to give the impression that we here in this country are alone with our problems; many of our overseas interests are suffering similarly from a decline in demand and price controls."

Meeting, page 9

Baggerridge setback

On an increased turnover of £1,543,000, against £1,335,000 pre-tax profit of Baggeridge Brick Co. decreased from £175,000 to £75,000 in the half year to March 31, 1975. Depreciation charged was £62,000, against £60,000.

Profit for the year to September 30, 1974 was £320,489, and the dividend was 1.780725p net per 25p share.

Net profit for the half year came out at £36,000 (£84,000) after tax of £39,000 (£91,000).

Cakebread exceeds reference

ANNOUNCING a record pre-tax profit of £414,885 in 1974, against £414,802 previously, the directors of Cakebread Robey and Co., builders and timber merchants, say the result "appears to have substantially exceeded" the Price Commission's reference level, for which no provision has been made.

They add that reference levels have not yet been established with the Price Commission, but they are "taking measures to deal with the excess."

Earnings are shown to be down from 3.5p to 3.3p per 10p share and a final dividend of 0.8p net keeps the total at 1.08p.

Turnover was ahead from £5.77m. to £6.27m. after being up from £2.86m. to £2.97m. at half-way. Then, the directors said, the rate of increase in sales might not be maintained in the second half.

Tax takes £216,313 (£207,225), leaving net profit at £198,572 against £207,577.

Abercorn Gen. first half

Reflecting the Board's policy to reduce the level of trading because of high interest rates and the depressed property market, first half pre-tax profits of Abercorn General Investments have fallen from £158,594 to £31,829.

The figure for all the year to June 30, 1974 was £275,544—no dividends have been paid for a number of years.

Chairman Mr. A. Stone says the directors now believe existing market conditions can enable advantageous acquisitions and certain negotiations are due to be finalised. Two developments are in course of construction and the pre-letting of one has been secured.

The sale of the subsidiary, Gamma Radiation Services, was completed in August 1974 and profit on the disposal of £26,250 after tax has been taken direct to reserves.

In view of changed property market conditions and values, the Board deem it prudent to revalue the investment properties and D. E. and J. Levy have been instructed. It is anticipated that this revaluation will show a considerable surplus over book value.

	1974 Six months £	1973 Six months £
Profit	31,829	158,594
Estimated tax	17,400	93,950
Net profit	14,429	64,644
Minority	—	20,356
Attributed	14,429	44,288

King & Shaxson upsurge

BANKERS AND dealers in currency, bills of exchange, etc., King and Shaxson reports net profits up from £308,451 to £528,565 for the year to April 30, 1975. The figures are struck after providing for rebate, tax and transfer to contingencies.

A final dividend of 2.1426p lifts the net total from 2.611625p to a maximum permitted 2.8426p per 20p share.

	1974-75 £	1973-74 £
Net profit	565	308,451
General reserve	100,000	100,000
Pref. dividends	24,500	24,500
Pref. Ordinary	14,700	14,700
Ordinary	227,408	208,929
Forward	811,998	650,029

Oil Ex. gas sales up

Oil Exploration (Holdings) has sold approximately 11 per cent. more North Sea gas in the first four months of this year, compared with the similar period of 1974.

Chairman Mr. C. M. Dalley told the AGM that discussions would be held with the Gas Board soon for an increased price for gas, which will become effective in October.

Very strong finances at Currys

Electrical retailers Currys holds, and intends to keep, a dominant position in its trade. It is financially "very strong" and better able than many of its competitors to weather any rough seas which may be ahead, according to Mr. Dennis Curry, chairman.

He reports to shareholders that sales for the first few weeks of the new trading year have shown a great improvement on those (much reduced by the power strike) of 1974.

He warns, however, that swingeing increases on so-called "luxury goods" from May 1 are bound to have a serious effect on sales, at least in the short-term. In these circumstances, speculation about future profitability seems, at the moment, to be "fruitless."

During 1974-75 two new retail warehouses and seven new stores were opened and one store was closed. At the end of the year the company's total retail selling area stood at about 600,000 sq. ft. (55,750 sq. metres), an increase of about three per cent.

In spite of the uncertain economic outlook the company continues its policy of cautious expansion, he states.

As reported on April 23 pre-tax profit fell from £7.86m. to £6.86m. in the year to January 30, 1975, dividends were up from 3.0778125p to 3.359p net and earnings fell from 16.7p to 13.9p net. Assets per share were 94.6p (84.1p).

On a CPP basis pre-tax profit is shown to be down from £8.57m. to £5.39m. and earnings per share from 16.3p to 7.6p. Net assets per share are shown at 140.1p (135.8p).

A statement of source and application of funds shows an increase in bank balances and cash of £326,000 (£58,000) and an increase in short-term deposits of £4.95m. (£2.7m. decrease). The total increase in net liquid funds was £5.28m. (£2.64m. decrease).

The year's transfer to Inflation Reserve of £1.47m. says Mr. Curry, is a measure of the extent to which the annual profit has been overstated by conventional accounting methods. The real increase in the company's net worth, after payment of dividends, is quantified in the increase in the carry forward of £818,520.

Meeting, 46, Uxbridge Road, W., on June 9 at 12.30 p.m.

Chairman's statement, page 23

Northern American advance

Revenue, before tax, of the Northern American Trust advanced from £504,448 to £563,524 in the half-year to May 1, 1975, compared with the same previous year period.

Deducting corporation tax of £58,872 (£24,538) and imputation tax £149,673 (£138,766) left the net revenue balance up from £341,142 to £354,979.

The net interim dividend is again 0.7p per 25p share—last year's total was 2.2p paid from net revenue, after tax, of £740,262.

The Preference dividend for the half-year absorbs £23,626 and the Ordinary interim £215,544 (both same).

Net asset value per Ordinary share ex-dividend, is shown at 91½p against 77p.

Statement, page 24

Utd. Wire warns on dividend

Following the announcement of first half profits down from £732,000 to £517,000, Mr. T. C. Sturrock, chairman of United Wire Group, warns holders in his interim report that results for the second six months to September 30, 1975, will show a further decline.

As a consequence, he feels that the prospect of some reduction in the final dividend must be recognised. An interim of 1.4p (same) has already been declared. For 1973-74 a total of 4.9p was paid from profits of £1.32m.

PECHINEY U.K. FORMATION

A new company, Tréfimetaux (U.K.), has been formed by the French Pechiney Ugine Kuhlmann Group as a sales office for its range of copper and brass semi-manufactures. The address is: 10, Fairfield Avenue, Staines, Middlesex. Managing director is Neville Swanson.

E. Le Bas exports drive

WITH THE current recession, coupled with price controls in the U.K., the only avenue at present open to Edward Le Bas to obtain growth is in the export market, where the company is concentrating its endeavours, reports chairman Mr. A. R. B. Burrows in his annual statement.

He tells members that the company, formerly the British Steel Piling Company, can face the future with some confidence.

Mr. Burrows advises that the directors are negotiating the sale of the company's interests in electric vehicle production, as it is felt that in the longer-term this division's interest will best be served by a rationalisation of products.

As reported on April 30, pre-tax profit increased from £477,377 to a record £522,039 for 1974 and dividends went up from 1.258p to 1.365p net, the maximum permitted.

A divisional analysis of turnover totalling £12.04m. (£10.37m.) and pre-tax profit shows: Foundation equipment and construction materials £5.5m. (£5.06m.) and £493,000 (£369,000). Equipment distribution £833,000 (£383,000) and £16,000 (£12,000 loss). Safety and relief valves £712,000 (£519,000) and £161,000 loss (£42,000 loss). Engineering and electric vehicles £1.02m. (£1.08m.) and £5,000 loss (£73,000 loss). Foundry supplies £1.11m. (£807,000) and £30,000 (£47,000). Agricultural engineering £1.01m. (£902,000) and £135,000 (£144,000). System building £1.65m. (£1.47m.) and £87,000 (£115,000). Joinery £220,000 (£204,000) and £2,000 (£2,000 loss). Group services profit £49,000 (£37,000). Finance charges £155,000 loss (£106,000 loss).

Meeting, The Savoy Hotel, WC, on June 3 at noon.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
116.2	Alliance Trust	Ord. Stock 25p	30/4/75	5.25	210.7	221.7	48.3
18.8	Capital & National Trust	Ord. & "B" Ord. 25p	30/4/75	*3.1	114.9	119.0	22.3
6.7	Claverhouse Investment Trust	Ordinary 50p	30/4/75	2.6	67.4	67.4	1.2
7.6	Crossfriars Trust	Ordinary 25p	30/4/75	2.01	65.1	65.1	–
3.1	Direct Spanish Telegraph	Ordinary 25p	2/5/75	3.5	56.0	57.4	3.4
11.5	Dundee & London Investment Trust	Ordinary 25p	30/4/75	1.7	59.0	60.9	5.1
67.5	Edinburgh Investment Trust	Deferred £1	30/4/75	4.85	203.3	222.3	47.2
34.3	First Scottish American Trust	Ordinary 25p	1/5/75	2.2	x87.5	91.9	20.4
8.9	Grange Trust	Ord. Stock 25p	30/4/75	1.474	73.0	79.0	15.0
50.4	Great Northern Investment Trust	Ordinary 25p	30/4/75	3.06	95.9	102.0	9.8
47.2	Guardian Investment Trust	Ordinary 25p	30/4/75	1.75	77.3	82.9	10.7
†	Investment Trust Corporation	Ordinary 25p	30/4/75	†	†	†	†
58.2	Investors Capital Trust	Ordinary 25p	30/4/75	1.0	74.0	81.5	24.8
11.6	Jardine Japan Investment Trust	Ordinary 25p	31/3/75	0.65	116.3	116.3	15.7
5.1	Kingside Investment Co.	Ordinary 25p	30/4/75	1.75	51.8	53.0	6.0
25.3	London & Holyrood Trust	Ordinary 25p	30/4/75	2.35	106.0	111.4	23.4
18.0	London & Montrose Investment Trust	Ordinary 25p	30/4/75	3.65	178.1	183.3	40.2
34.4	London & Provincial Trust	Ordinary 25p	30/4/75	2.4	104.9	108.1	24.3
88.5	Mercantile Investment Trust	Ordinary 25p	30/4/75	1.61	x36.9	43.1	3.6
	Do. Do.	Conv. Deb. 1983	30/4/75	£4.50	£58.50	£64.60	£5.40
39.0	Northern American Trust	Ordinary 25p	1/5/75	2.2	x91.8	98.2	23.3
4.3	Save & Prosper Linked Inv. Trust	Cap. Shares	1/5/75	–	90.5	90.5	–
37.3	Scottish Northern Investment Trust	Ordinary 25p	5/5/75	2.3375	82.3	93.8	21.9
78.9	Scottish United Investors	Ordinary 25p	30/4/75	§1.67	88.6	93.9	30.2
37.9	Second Alliance Trust	Ord. Stock 25p	30/4/75	4.2	178.0	189.4	41.6
2.5	Shires Investment Co.	Ordinary 25p	30/4/75	5.6	101.7	101.7	–
31.0	Sterling Trust	Ordinary 25p	30/4/75	3.83	x161.5	174.1	33.9
53.8	United British Securities	Ordinary 25p	30/4/75	5.7	239.4	242.8	47.7
	Baillie Gifford & Co.						
89.5	Scottish Mortgage & Trust	Ordinary 25p	30/4/75	2.3	113.6	118.4	28.6
63.9	Edinburgh & Dundee Investment	Ordinary 25p	30/4/75	2.7	143.6	148.3	37.7
†	Monks Investment Trust	Ordinary 25p	30/4/75	†	†	†	†
11.7	Winterbottom Trust	Ordinary 25p	30/4/75	3.225	104.0	208.9	45.8
	Baring Bros. & Co. Ltd.						
†	Outwich Investment Trust	Ordinary 25p	31/3/75	†	†	†	†
20.4	Tribune Investment Trust	Ordinary 50p	23/4/75	8.5	772.4	779.3	240.3
	Cripps Warburg Ltd.						
12.4	Sizewell European Inv. Trust	Ordinary 10p	30/4/75	1.0	95.1	95.1	18.4
2.4	Atlanta, Baltimore & Chicago	Ordinary 10p	30/4/75	0.4	w44.8	w44.8	w11.4
3.0	West Coast & Texas Regional	Ordinary 10p	30/4/75	0.43	w55.2	w55.2	w12.2
	Edinburgh Fund Managers Ltd.						
51.3	American Trust	Ord. & "B" Ord. 25p	30/4/75	*1.35	42.1	44.3	4.6
11.5	Crescent Japan Investment Trust	Ordinary 30p	30/4/75	–	136.1	136.1	23.2
	F. & C. Group						
†	Alliance Investment	Ordinary 25p	13/4/75	†	†	†	†
13.9	Cardinal Investment Trust	Deferred 25p	30/4/75	4.25	170.0	179.9	30.2
	Do. Do.	Conv. Loan 1985/87	30/4/75	£8.00	£91.80	£97.20	£16.30
3.8	City & Gracechurch Inv. Trust	Ordinary 25p	30/4/75	1.1125	41.8	42.9	3.5
	Do. Do.	Conv. Ord. 25p	30/4/75	–	49.4	50.7	3.0
4.9	F. & C. Eurotrust	Ordinary 25p	30/4/75	0.3	65.7	65.7	25.0
120.5	Foreign & Colonial Inv. Trust	Ordinary 25p	30/4/75	2.412	155.1	165.9	43.1
16.7	General Investors & Trustees	Ordinary 25p	30/4/75	2.8	103.7	113.3	14.3
	Gartmore Investment (Scotland) Ltd.						
52.3	Scottish National Trust	Ordinary 25p	30/4/75	2.66	140.5	146.2	31.0
13.5	Glasgow Stockholders Trust	Ordinary 25p	30/4/75	2.5	150.3	158.3	35.3
	John Govett & Co. Ltd.						
61.3	Border & Southern Stockholders Tst.	Ordinary 30p	30/4/75	4.5	x282.5	292.9	55.2
20.5	Debenture Corporation Ltd.	Ordinary 25p	30/4/75	2.3	88.3	93.1	16.7
8.7	General Stockholders Inv. Trust	Ordinary 25p	30/4/75	4.0	394.1	449.9	111.8
18.5	Govett European Investment Trust	Ordinary 25p	30/4/75	2.5	88.5	88.5	35.1
44.8	Lake View Investment Trust	Ordinary 25p	30/4/75	1.5	87.2	92.4	16.7
	Do. Do.	Conv. Loan 1973/98	30/4/75	£4.00	£116.30	£123.20	£22.30
23.9	London & Aberdeen Inv. Trust	Prefd. & Defd. 5p	30/4/75	1.4	134.9	142.2	26.1
45.8	Stockholders Investment Trust	Ordinary 50p	30/4/75	5.5	358.0	384.2	80.2
	G.T. Management Ltd.						
11.9	Berry Trust	Ordinary 25p	30/4/75	0.6125	x51.9	x53.2	x6.5
	Do. Do.	Conv. Loan 1993	30/4/75	£4.25	£73.20	£77.20	£9.50
8.3	G.T. Japan Investment Trust	Ordinary 25p	30/4/75	§1.5	106.4	108.4	18.6
†	Northern Securities Trust	Ordinary 25p	30/4/75	†	†	†	†
	Hambros Group						
22.8	Bishopsgate Property & Gen. Inv.	Ordinary £1	30/4/75	3.8	117.7	134.3	0.5
16.3	Bishopsgate Trust	Ordinary 25p	30/4/75	4.0	164.6	177.0	16.6
2.7	City of Oxford Investment Trust	Ordinary 25p	25/4/75	2.2	52.6	59.2	1.0
53.5	Hambros Investment Trust	"A" & "B" Ord. 25p	30/4/75	*4.0	94.2	108.6	13.8
10.6	Hellenic & General Trust	Ordinary 10p	30/4/75	0.42	43.9	52.9	0.2
4.5	Rosedimond Investment Trust	Cap. Shares 25p	30/4/75	–	56.9	56.9	8.4
	Henderson Administration Ltd.						
†	Witan Investment	Ord. & "B" Ord. 25p	30/4/75	†	†	†	†
14.7	Electric & General Investment	Ordinary 25p	30/4/75	1.0	76.1	85.2	22.7
4.4	Washington Investment Co.	Ordinary 25p	30/4/75	0.55	37.2	40.9	6.6
4.5	Greenfriar Investment	Ordinary 25p	30/4/75	0.95	85.0	85.0	21.7
4.2	Mendip Investment	Ordinary 25p	30/4/75	1.0	77.5	84.9	24.6
4.5	Lowland Investment	Ordinary 25p	30/4/75	1.45	x46.2	x47.0	3.4
	Philip Hill (Management) Ltd.						
14.7	City & International Trust	Ordinary 25p	30/4/75	2.4	x88.2	94.4	14.5
7.7	General & Commercial Inv. Trust	Ordinary 25p	30/4/75	3.4	121.7	132.4	18.5
15.8	General Consolidated Inv. Trust	Ordinary 25p	30/4/75	2.25	x73.7	78.0	10.3
†	Philip Hill Investment Trust	Ordinary 25p	30/4/75	†	†	†	†
3.1	Moorgate Investment Co.	Ordinary 25p	30/4/75	1.8625	58.4	61.7	3.2
†	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/4/75	†	†	†	†
	Ivory & Sime						
69.5	British Assets Trust	Ordinary 25p	30/4/75	1.225	51.8	58.4	9.4
22.1	Second British Assets Trust	Ordinary 25p	30/4/75	1.5	160.1	167.7	48.9
30.2	Atlantic Assets Trust	Ordinary 25p	30/4/75	0.8	ar70.5	ar76.0	ar17.7
9.3	Viking Resources Trust	Ordinary 25p	30/4/75	0.5	80.4	80.4	13.4

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	Lazard Bros. & Co. Ltd.			Pence except where £ stated (see note d)			
†	Embankment Trust	Ordinary 25p	□31/3/75	†	†	†	†
42.6	Raeburn Investment Trust	Ord. Stk. 25p	30/4/75	3.0	138.5	140.7	26.7
33.4	Romney Trust	Ord. Stk. 25p	30/4/75	2.1	x90.7	98.4	19.3
	Leopold Joseph & Sons Ltd.						
3.3	Anglo-Welsh Investment Trust	Ordinary 50p	6/5/75	1.37	57.1	58.8	–
	Do. Do.	Conv. Pref. 50p	6/5/75	4.375	57.1	58.8	–
4.8	Leopold Joseph Investment Trust	Ordinary 25p	5/5/75	1.4	x60.5	108.5	–
4.4	Thanet Investment Trust	Ordinary 50p	8/5/75	2.37	65.4	69.5	–
	Keyser Ullmann Ltd.						
23.1	Throgmorton Trust	Ordinary 25p	30/4/75	3.5625	45.4	50.0	–
7.4	Throgmorton Secured Growth Tst.	Cap. Loan Stk. £1	30/4/75	–	13.6	66.0	–
	Martin Currie & Co., C.A.						
8.4	Canadian & Foreign Inv. Trust	Ordinary 25p	30/4/75	2.4	108.3	113.3	23.7
14.5	St. Andrew Trust	Ordinary 25p	30/4/75	3.25	113.0	120.1	22.3
72.7	Scottish Eastern Investment Trust	Ordinary 25p	30/4/75	3.9	123.0	130.7	32.6
19.0	Scottish Ontario Investment Co.	Ordinary 25p	30/4/75	2.7	129.1	132.8	35.2
43.3	Securities Trust of Scotland	Ordinary 25p	30/4/75	4.7	157.7	182.3	36.6
2.1	Western Canada Investment Co.	Ordinary 25p	30/4/75	9.5	493.1	511.9	106.5
	Murray Johnstone Ltd.						
32.5	Caledonian Trust	Ord. & "B" Ord. 25p	30/4/75	*1.225	72.5	77.2	18.3
49.8	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/4/75	*1.5	69.2	72.8	17.3
13.2	Gendevon Investment Trust	Ord. & "B" Ord. 25p	30/4/75	*2.1	w81.9	w87.7	w21.8
4.6	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/4/75	*1.33	89.3	89.3	19.7
16.3	Scottish & Continental Investment	Ordinary 25p	30/4/75	1.0	w76.1	w76.1	w19.0
35.1	Scottish Western Investment	Ord. & "B" Ord. 25p	30/4/75	*2.0	85.5	94.4	21.7
17.6	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	30/4/75	*1.46	30.4	35.5	11.3
	Naydale Ltd.						
3.3	Simonside Investment Co.	Ordinary £1	30/4/75	§1.3	x78.5	x78.7	x6.7
	N. M. Rothschild & Sons Ltd.						
4.8	Equity Consort Investment Trust	Ordinary £1	25/4/75	5.45	x137.6	137.7	x2.6
	Do. Do.	Deferred 50p	25/4/75	2.65	x75.1	75.4	x5.2
	Do. Do.	Conv. Loan 1994	25/4/75	£4.75	£97.90	£97.90	£3.60
7.3	Equity Income Trust	Ordinary 50p	25/4/75	7.035	162.7	172.8	4.4
	Schroder Wagg Group						
13.8	Ashdown Investment Trust	Ordinary 25p	30/4/75	2.925	x129.3	140.1	27.2
	Do. Do.	Conv. Loan 1988/93	30/4/75	£4.75	£91.70	£98.10	£19.10
21.8	Broadstone Investment Trust	Ordinary 20p	30/4/75	3.00	x134.5	147.5	27.0
	Do. Do.	Conv. Loan 1988/93	30/4/75	£4.50	£90.90	£98.30	£18.00
37.0	Continental & Industrial Trust	Ordinary 25p	30/4/75	3.65	185.0	201.8	41.5
22.0	Trans-Oceanic Trust	Ordinary 25p	30/4/75	3.35	162.3	178.4	34.7
	Do. Do.	Conv. Loan 1988/93	30/4/75	£4.30	£101.50	£108.40	£21.70
8.4	Westpool Investment Trust	Ordinary 25p	31/3/75	1.925	x79.4	89.5	14.2
	Do. Do.	Conv. Loan 1989/94	31/3/75	£5.00	£75.80	£80.50	£12.70
	Stewart Fund Managers Ltd.						
47.9	Scottish American Investment Co.	Ordinary 50p	30/4/75	1.75	65.5	70.3	11.0
17.0	Scottish European Investment Co.	Ordinary 25p	30/4/75	1.0	56.4	56.4	12.5
	Touche Remnant & Co.						
69.4	Atlas Electric & General Trust	Ordinary 25p	30/4/75	1.15	53.4	56.9	6.2
24.6	Bankers' Investment	Ordinary 25p	30/4/75	1.7	56.5	61.6	7.3
12.8	C.L.R.P. Investment Trust	Ordinary 25p	30/4/75	1.25	w69.0	w74.9	w10.0
24.3	Cedar Investment Trust	Ordinary 25p	30/4/75	1.7	x65.7	69.9	5.6
30.1	City of London Brewery	Ordinary 25p	30/4/75	1.9	55.6	60.5	2.3
22.1	Continental Union Trust	Ordinary 25p	30/4/75	1.91	110.1	117.4	18.0
127.8	Industrial & General Trust	Ordinary 25p	30/4/75	1.1	49.8	52.5	8.1
27.3	International Investment Trust	Ordinary 25p	30/4/75	1.8	w71.0	w77.1	w11.6
35.5	Sphere Investment Trust	Ordinary 25p	30/4/75	3.04	105.9	113.0	20.7
56.9	Standard Investment Trust	Ordinary 25p	30/4/75	3.81875	141.7	152.5	28.2
25.9	Trust Union Ltd.	Ordinary 25p	30/4/75	2.0	103.6	109.6	15.8
46.7	Trustees Corporation	Ordinary 25p	30/4/75	2.83	134.6	141.8	16.6
	VALUATION THREE-MONTHLY						
63.3	Anglo-American Securities	Ordinary 25p	15/4/75	2.15	x92.9	101.0	25.7
	Do. Do.	Conv. Loan Stk.	15/4/75	£4.00	£92.90	£101.00	£25.70
2.4	Cumulus Investment Trust	Ordinary 25p	30/4/75	0.7	32.0	35.5	3.9
23.7	Hume Holdings	Ord. & "B" Ord. 25p	31/3/75	*2.7175	72.5	77.5	–
11.9	London Electrical & General Trust	Ordinary 25p	31/3/75	1.97175	74.3	80.2	8.9
23.7	London Scottish American Trust	Ord. Stk. 25p	30/4/75	3.35	128.3	137.3	27.4
4.7	Oil & Associated Investment Trust	Ordinary 25p	31/3/75	1.5075	44.4	45.8	8.0
	Do. Do.	Conv. Loan Stk.	31/3/75	£6.25	£99.00	£101.20	£17.70
6.6	Safeguard Industrial Investments	Ordinary 25p	31/3/75	2.7	54.2	56.5	–
20.7	Technology Investment Trust	Ord. & "B" Ord. 25p	30/4/75	*1.89	109.9	102.2	25.8
41.7	United States Debenture Corpn.	Ord. Stk. 25p	30/4/75	2.42	x87.9	92.3	19.0
	Do. Do.	Conv. Loan Stk. 1993	30/4/75	£5.00	£97.00	£101.50	£20.90
	Carliol/Tyneside Group						
16.7	Carliol Investment Trust	Ordinary 25p	30/4/75	2.5	137.7	146.0	35.2
	Do. Do.	Conv. Loan 1994/99	30/4/75	£4.50	x£118.40	x£125.50	x£30.30
9.8	Tyneside Investment Trust	Ordinary 25p	30/4/75	2.5	134.6	141.2	32.5
	Do. Do.	Conv. Loan 1994/09	30/4/75	£4.50	x£113.70	x£121.40	x£28.00
	East of Scotland Investment Mngrs.						
30.3	Aberdeen Trust	Ord. Stk. 25p	31/3/75	3.35	113.5	124.5	21.5
8.1	Dominion & General Trust	Ordinary 25p	25/2/75	4.8	161.6	176.4	34.2
13.5	Pentland Investment Trust	Ordinary 25p	28/2/75	2.65	90.3	97.2	18.8
	Electra House Group						
117.1	Cable Trust	Ordinary 25p	31/3/75	4.2	133.8	134.9	12.8
	Do. Do.	Conv. Loan 1985/90	31/3/75	£6.25	£109.60	£110.60	£11.90
95.2	Globe Investment Trust	Ordinary 25p	31/3/75	2.7	x86.1	x89.8	x8.0
	Do. Do.	Conv. Loan 1987/91	31/3/75	£5.50	£68.20	£71.10	£6.30
49.4	Cables Investment Trust	Ordinary £1	31/3/75	19.2	746.4	766.9	109.1
16.1	Telephone & General Trust	Ordinary 25p	31/3/75	5.3	x147.5	x160.0	x8.7
	Do. Do.	Conv. Loan 1987/91	31/3/75	£6.00	£59.20	£64.20	£3.50
7.6	Temple Bar Investment Trust	Ordinary 25p	31/3/75	4.5	x104.4	x114.3	x7.1
	Do. Do.	Conv. Loan 1985/90	31/3/75	£5.75	£73.70	£80.70	£5.00
	Kleinwort Benson Ltd.						
20.1	British American & General	Ordinary 25p	30/4/75	1.2	x87.4	89.3	6.3
31.3	English & New York	Ordinary 25p	30/4/75	1.7	71.5	74.3	15.2

* Applies to Ordinary "A" Ordinary only. §=includes special dividend. ac=adjusted for scrip issue. ar=adjusted for rights issue. † Company will announce year-end or interim results shortly. x, w see note (h) below. □ Valuation Two-monthly.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.
(b) Cols. 1, 6, 7 All revenue account items are excluded.
(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.
(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.
(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.
(f) Cols. 6-7 Prior charges are deemed to include preference share capital.
(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.
(h) Cols. 6-8 Convertible loan/preference stocks and warrants or subscription rights are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as exercised, except where a figure is marked "w".

AITC

A booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London, EC2M 7JJ.

R-Dutch Shell turns in £220m. so far

NET INCOME divisible between Royal Dutch Petroleum and "Shell" Transport and Trading amounted to £220m. in the first quarter of 1975. This compares with £319m. for the same 1974 period, but that figure included an estimated £125m. of abnormal stock profits.

Net income for the quarter includes some £36m. for profits on disposal of group companies' interests in a number of countries, a large part of which was offset by provisions against possible loss on nationalisation in other countries, the directors state.

Demand, which had fallen in most markets towards the end of 1974, deteriorated further during the quarter and sales volumes outside North America of crude oil and oil products were 16.7 per cent. below the first quarter of 1974 and 12.3 per cent. below the fourth quarter. This led to further surplus refining and tanker capacity and margins continued under pressure, they explain.

Net income from Shell Oil Company in the U.S. was lower than for the 1974 first quarter as a result of the recent U.S. tax changes, while Shell Canada's net income was marginally higher.

Outside North America chemical sales volumes fell from the already depressed levels of the fourth quarter of 1974, and earnings were markedly lower. Natural gas sales volumes and earnings, on the other hand, continued to increase.

Capital expenditure for the quarter amounted to £245m.—6.7 per cent. above the first quarter 1974 level.

INCOME

	First quarter 1975 £m.	1974 £m.
Revenues:		
Sales proceeds	4,119.9	4,882.9
Sales taxes, etc.	798.5	754.9
Leaving	3,320.4	3,128.0
Other revenues	162.6	88.1
Share associates	57.2	32.6
Interest income	46.2	41.4
Making	3,626.8	3,290.1
Costs and expenses:		
Purchases & operating	2,042.9	1,892.3
Selling, admin., etc.	417.8	366.4
Explrtn. & resrch., etc.	55.9	52.1
Depreciation, etc.	117.3	110.3
Interest expense	44.1	34.6
Taxation	694.2	746.6
Minority	18.5	21.2
Making	3,385.9	2,941.0
Net income	239.9	319.1
FINANCIAL DATA		
Capital expenditure	245.2	230.2
Cash & short-term secs.	1,759.9	1,398.7
Long-term debt	1,643.9	1,454.3
OPERATIONAL DATA	1,000 barrels daily	
Crude supply	4,931	6,085
Crude processed	4,478	5,038
Sales crude & oil prods.	5,480	6,284
	Million cu. ft. daily	
Sales natural gas	7,878	7,497

Parent company equity in group net income was split as to: Royal Dutch Fls.5.68 (Fls.9.24) per share, and "Shell" Transport 15.92p (23.11p).

See Lex

Edinburgh Industrial setback

Edinburgh Industrial Holdings incurred a loss of £33,000 in the year to November 2, 1974, compared with a previous pre-tax profit of £388,000, and there are also extraordinary debits of £360,000. No dividend will be paid against an 0.4375p net total for 1972-73.

Turnover expanded from £5.84m. to £8.68m.

The electronics division suffered losses on fixed-priced contracts entered into in 1973, the directors explain.

As known, the appointment of a Receiver to Charles Portway resulted in the decision to write off Edinburgh's total investment in that company, resulting in a loss of £295,000 which is included in extraordinary items.

Trading losses of Portway, insofar as they are attributable to Edinburgh, from November 4, 1973, to April 17, 1975, have been accounted for by the sum written off.

	1973-74 £000	1972-73 £000
Turnover	8,682	5,837
Plastics profit	14	56
Electronics loss	282	*93
Woodworking profit	114	136
Engineering	16	47
Small tools	21	42
Total loss	23	*368
Taxation	—	99
Extraordinary debits	360	—
Outside holders	6	17
Attributable loss	6[illegible]	*252
Dividends	—	31
Profits prior years	36	29
Adjustment debits	—	59
Deficit balance	365	†153

* Profit. † Credit.

FPA misses forecast: pays less

SECOND HALF pre-tax profit of FPA Construction Group decreased sharply to £146,000, compared with a forecast of comfortably in excess of the £276,000 for the corresponding period a year earlier, giving a total of £454,000, compared with £1,006,000 for the year 1974.

Difficulties in the property and housing markets resulted in the greater than anticipated drop in profit, but the chairman, Mr. R. A. Palfreyman, forecasts a better 1975 trading total.

He says economic conditions during the year, including high interest rates, meant that survival in the industry is "of significantly more importance" than improving profits.

A final dividend of 0.825p per 25p share reduces the net total from 1.886p to 1.625p. It will largely absorb the balance of available profits, but current trading justifies this.

The directors believe the group has "weathered the storm" and is in a position to take advantage of the improvement in market conditions.

	1974 £000	1973 £000
Turnover	12,642	13,203
Profits before tax	*454	1,006
Taxation	302	598
Net profit	152	408
Dividends	128	149

* Includes £150,000 realised as a capital profit on the sale of property held as a fixed asset.

The most disappointing results came from the property division where a number of developments—expected to be completed and sold—did not come to fruition. But there are now signs of improvement in the property market and there have already been a number of completions in 1975, says Mr. Palfreyman.

The directors consider that property developments in progress will realise "significantly more" than their book values.

● comment

After FPA's interim indication that second half profits would "comfortably exceed" the £276,000 of the comparable period, the outcome is down to £146,000. Taking profit on contract completions has historically given an uneven flow to the results, so hold-ups on a couple of developments reduced the outcome during the last quarter, but will in turn bolster the current half. Annual profits 70 per cent. lower (excluding capital profit) must come as a nasty blow to shareholders. Even though contracting work (75 per cent. of turnover) staged a recovery, margins are that much lower than in property development, and at the pre-tax level this has been of little value to the group. Borrowings are evidently still very high: at December, 1973 net borrowings of £2.85m. compared with shareholders' funds (excluding goodwill) of £2.25m. At 16p, down 2p yesterday, the barely covered yield is 16.2 per cent.

Yorkshire Chemicals sales drop

CHAIRMAN, Sir Donald Kaberry, told the annual general meeting of Yorkshire Chemicals that the continued high level of inflation had a severe effect on operating costs, and the rate in the U.K. presented "great concern" for the group, which traded in many overseas countries where the inflation rate was considerably lower.

Sir Donald reported that first quarter 1975 sales had continued at a lower level than the previous year, but could be deemed satisfactory in all the circumstances. New plant for greater production was under construction to cope with future expansion.

For the future, he said the directors had "full confidence" in the medium- and long-term capacity of the company to prosper, but much depended on the U.K. ability to overcome inflation and the necessity of the uplifting of general world standards of living.

Active steps were now being taken to reduce working capital during the present trade recession. The company would be well placed to benefit from an upturn in world trading conditions, the chairman said.

Meeting, page 2

Brent Walker on target

IN LINE with the May, 1974, prospectus forecast of not less than £815,000 Brent Walker, the leisure group, reports a pre-tax profit of £829,171 for 1974.

The prospectus was issued in connection with the merger of Hackney and Hendon Greyhounds and G. and W. Walker. The 1973 profit of H. and H. only was £227,528.

Earnings per 5p share, before extraordinary items, are stated at 3.36p (2.01p). The dividend is a maximum permitted 0.936257p with a final of 0.586257p. Total for 1973 was 0.802p.

As regards the current year chairman Mr. L. A. Curtis says he is not prepared to make a forecast but trading results to date are on target.

For the present, cash flow is satisfactory and the Brent Cross Development Company—of which the Hendon Stadium site forms part, and of which Brent Walker owns 25 per cent.—provides a "useful and noted asset with which to back future developments."

Due to the "forward looking" investment programme undertaken the chairman anticipates that the greater part of the capital gains tax liability on sale of land for the Brent Cross development, and on the compensation—now agreed at £813,800—for land compulsorily purchased, will be "rolled over" against subsequent new acquisitions and capital expenditure.

	1974 £	1973 £
Turnover	3,222,784	371,185
Trading profit	469,970	82,225
Interest receivable	186,973	121,367
Net rents receivable	64,268	43,933
Interest payable	85,080	20,000
Profit before tax	829,171	227,528
Taxation	394,174	126,783
Net profit	234,997	100,745
Extraordinary credits	66,643	8,744
Dividends	65,538	40,100
Retained	236,102	69,368

An analysis of turnover and trading profit shows (£000s omitted): restaurants, banqueting and discotheques £1,513 and £247; greyhound racing and stadium activities £450 and £98; casinos £263 and £21; cinemas and film distribution £396 and £42; and shopfitting £601 and £53.

Meeting, 23, Tower Place, E.C., June 9 at 4 p.m.

● comment

Brent Walker has duly beaten its prospectus forecast despite the difficulties in the catering trade; this side accounts for over 50 per cent. of trading profits. Activity here should be boosted in the current year following the opening of the leisure centre at Westcliff. Of the other divisions, greyhound racing stands to benefit from the new terms with BAGS, while the second casino should be making profits fairly rapidly. The unknown quantity seems to be the film distribution; the film industry is well known for its high risk/high reward make-up. Anyway, if there are few guidelines on overall earnings potential a strong balance-sheet should be sufficient short-term support for the shares at 47p, despite the rather low yield of 3.1 per cent.

Statement, page 20

BALLY U.K.

A new company, Bally Group (U.K.), has been formed with share capital of £1m. It has an £8m. a year turnover and employs 1,000 people in retailing, wholesaling and manufacturing over 1m. pairs of ladies' shoes per annum in the U.K.

Lex sees difficult year

The annual meeting of Lex Service Group, was told by Mr. Trevor Chinn, chairman that no firm forecast of results could be made.

While trading conditions since the beginning of the year had been difficult, they had certainly deteriorated in recent weeks.

However, management was reacting "most positively" toward overcoming the problems of what was clearly to be "another difficult year."

Setback at Duncan & Goodricke

EAST INDIA merchants and managing agents, Walter Duncan and Goodricke, finished 1974 with taxable profits down from £982,353 to £774,487, after showing £674,000 against £736,000 at the nine-month stage.

The full year attributable balance is £391,426 compared with £415,732 of which £169,707 against £194,013 is retained.

The net dividend total is maintained at 17.5375p with an unchanged final of 14.2375p.

Provincial Insurance liquidity

THE CHAIRMAN of the Provincial Insurance Company, Mr. P. F. Scott, says in his annual report that the group pre-tax profits for 1974, at £3.3m. can be considered very satisfactory in view of the difficult circumstances both for underwriting and investment.

The economic uncertainty that prevailed throughout the world resulted in heavy inflation of expenses and claim ratios, yet made it impossible to produce investment income that kept pace with inflation.

Investment policy was to continue to retain cash flow in liquid deposit form, and this action, combined with the world-wide spread of investments, went a long way in protecting the market value of the portfolio.

The company completed the sale of its leasehold interest in its principal London office at the end of 1974, resulting in a substantial profit in excess of £7m. which was taken into investment reserve.

Mr. Scott added that, while the current year was likely to prove more difficult and less profitable than 1974, he expects results would again be creditable, when viewed against the market as a whole.

Last year's contribution to the profits of the fire and accident account from overseas business was again "invaluable," with all major areas, except Canada, showing a profitable return. The overall overseas figure was £290,000 (£262,000) but profits from home business fell by more than £1m. to £522,000 so that total profits for the year dropped by almost £1m. to £812,000. The marine and aviation account returned a satisfactory profit.

The growth in life business, however, was at a much lower rate than the previous year. New sums assured and premiums were all lower, especially for annuity business. The life fund at the end of the year stood at £9.1m., compared with £10.3m. at the beginning, due entirely to a decline of £1.8m. in investment values.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

First quarter profits plunge at BASF

BY GUY HAWTIN

FRANKFURT, May 15.

FIRST QUARTER pre-tax profits of BASF, one of the three leading West German chemical producers, plunged heavily compared with the previous year's performance. According to figures out to-day they were 25.4 per cent. down on the first three months of 1974.

BASF also put flesh on the bones of last month's disclosure that turnover was also substantially down in the first quarter. The concern's statement said that sales totalled DM2.18bn.—11.8 per cent. down on the DM2.47bn. recorded in the same period of last year.

Pre-tax profits totalled DM167m. compared with DM224m. in the previous year. At the same time personnel costs, including social security and fringe benefits, rose by 17 per cent. from DM424m. in the first three months of last year to DM496m., while the payroll went up by only 3.4 per cent. to 53,858.

Domestic turnover held up best, though this, at DM1.01bn., was down 9.8 per cent. Demand in the export markets was deeply depressed and overseas sales were 13.4 per cent. down from DM1.36bn. to DM1.17bn. Among the sectors particularly affected were plastics, paints, fibres and chemicals.

Group turnover was also considerably down on the first quarter of 1974. By the end of March, group sales stood at DM4.36bn., some 8.7 per cent. beneath the DM4.77bn. recorded in the same period of the previous year.

Pre-tax profits for the group were also gravely affected by weakening demand and increased costs through under-utilisation of capacity. Results for the first quarter stood at DM244m.—a full 38.5 per cent. down on the previous year's DM397m.

Group capital investment totalled DM271m., 2.5 per cent. down on the DM278m. expended in the first three months of 1974.

Meanwhile, Bayer, another leading chemical concern, announced that it was planning to introduce short-time working because of poor sales. The chief executive, Professor Herbert Gruenewald, told employees that short-time working would result in cost savings which would secure their jobs for the future.

There was no indication of the number of the concern's 65,000 workers that would be affected. Professor Gruenewald said that numbers would be kept to a minimum. As with BASF, the sectors most severely hit are plastics, paints, fibres and chemicals.

Sandoz cuts investment

By John Wicks

ZURICH, May 15.

SPEAKING AT the annual general meeting of Sandoz in Basle to-day, company financial director, J. Peter Christen, said that in the current year group investment expenditure would amount to an estimated Sw.Frs.360m., compared with Sw.Frs.464m. in 1974. He expected the 1975 sum to be in a healthy relation to the anticipated cash flow. Mr. Christen explained that the company was continuously examining its long-term investment programme, determining both priorities and what cuts could be made.

In present economic conditions, Mr. Christen indicated that a number of further measures were also necessary to aid corporate profitability. These, he said, included a constant control of stocks in the attempt to keep these in a sensible proportion to turnover. Outstanding claims from customers would also be "strictly controlled."

Management chairman, Dr. Yves Dunant, told the shareholders that a number of savings measures introduced at the start of the year have already had a positive effect. Group sales were lower in terms of Swiss Francs for the first quarter of 1975 than for the corresponding period of last year, despite a rise in local currency turnovers, but Dr. Dunant said that the aimed-for normalisation of the Swiss Franc and the revival of the market frequently forecast for the end of this year should permit Sandoz to "reckon with a reasonable development again."

'Cyclical decline' hits Estel

BY MICHAEL VAN OS

AMSTERDAM, May 15.

ESTEL, the Dutch-German steel concern, expects to be making a loss in the second quarter of this year after its profit decline of almost a third in the first quarter. Assuming that the generally forecast economic improvement materialises in the second half of this year—and there are hopes that it will—the company may still end the year in the black.

This was stated here by the group's new chairman, Mr. Evert Van Veelen, on the publication of the annual report to-day. The company was being hit by an "exceptionally strong cyclical decline" but it remains "fairly optimistic" about the future.

Last year net profits nearly doubled to Fls.322.9m., while sales rose by nearly 31 per cent. to Fls.10.12bn. with the aid of price increases. Last week the company said its first-quarter net profit had slumped to Fls.27.7m. from Fls.75.5m. in the corresponding 1974 period.

Estel said at a Press conference that falling demand, notably from the car and the building industry, to which the Ijmuiden plant had been more vulnerable than the German plants in Dortmund, had forced steel prices down substantially. The situation had been aggravated by the exceedingly sharp rise in the price of most raw materials, such as iron ore, energy and coal. The costs of investment goods and labour costs had also gone up considerably. Only scrap prices had not followed the fall of steel prices in the past few months.

Mr. Van Veelen added that, "compared with what the second quarter results will be, the first quarter could not be termed bad." Estel's finance director, Mr. Jan D. Hooglandt, said that the group's liquid assets had totalled Fls.811.1m. at the end of 1974 (Fls.716.6m.) the year before).

Looking further ahead, Mr. Van Veelen said that steel demand in the years to 1985 would not be affected by the present malaise. There would still be under-capacity in steelmaking in general and the Estel Chairman in fact expressed some concern about the possibility of finding the huge sums which would be required in raising capacity to meet demand and to develop more raw material sources in future. "A delay in the development of steelmaking capacity could eventually bring back the strain, experienced in 1974, caused by the imbalance between supply and demand," he added.

According to the annual report, the group would continue to develop the main activity, steel, and to make this sector more competitive. To improve the group structure and to achieve a better spread of risks, the company would also press ahead with expanding steel processing and in diversification. Supervisory Board member Mr. William H. Schoenmaker said that the company was building up a stake in the environmental sector, while it was also contemplating a move into the service sector which it regarded as promising. The company could act as intermediary in the shipping sector.

In the report, Estel said that the results for the current year were expected to be "bad." Some of the group products were being sold at a loss which was being offset to some extent by other products, some in steel processing. Further development is not only dependent on exports but also the state of business in the car and building industries.

Although stocks in the trade and with users in the European Community are not very large, Estel said it remained to be seen whether the revival in the current year would be strong enough for Estel to be able fully to effect the necessary price increases.

According to the report, Estel's equity reached Fls.2.05bn. at the end of last year, compared with Fls.1.82bn. the year before. Net profit per share of Fls.20 went up to Fls.14.60 (Fls.8.60).

The consolidated profit and loss account shows that total costs went up to Fls.9.69bn. from Fls.7.54bn. in 1973, leaving an operating profit of Fls.794.6m. (Fls.407.8m.).

Ennia plans rights issue

AMSTERDAM, May 15.

ENNIA plans a one-for-five rights issue of 274,176 Fls.20 nominal shares at Fls.100, ranking for the 1975 dividend, Amsterdam-Rotterdam Bank said as joint issuing syndicate leader.

Lists will open on May 30 and trading in the rights will start on May 23, it said.
Reuter

Volvo rights issue

Financial Times Reporter

VOLVO announces that total group sales amounted to Kr.3.03bn. during the first three months of 1975, an increase of 31 per cent. over the corresponding period in 1974. The sales increase in Sweden was 20 per cent., and outside of Sweden 36 per cent. Not including sales made by operations acquired since beginning of 1974, the sales increase is 21 per cent.

Since Volvo now owns 75 per cent. of DAF Car BV, sales by this company and its result are included in full in the figures of this report. The sales figure for the first three months of 1975, as shown above, includes products manufactured by this company (now Volvo Car BV) to a value of Kr.186m.

The majority of the product groups report sales increases compared with the corresponding period in 1974.

Unaudited management accounts for the first quarter show that group income, before allocations and taxes, amounts to Kr.166m., this equalling 5.5 per cent of sales. The corresponding figures for the fourth quarter of 1974 were Kr.123m. and 4.2 per cent. For the first quarter of 1974 they were Kr.235m. and 10.2 per cent.

Volvo Car BV was a drain on the results for the first quarter of 1975, making a loss of approximately Kr.18m.

Material prices continued to rise but stabilised towards the end of the quarter.

In January, it was decided to limit the 1975 car production to a total of approximately 220,000 units. Production in the facilities concerned was revised but it was not necessary to make any redundancies.

The labour force of the Volvo group excluding Volvo Car BV, decreased by about 200 persons during the first quarter. In Sweden, the group labour force dropped by approximately 400 persons during the same period. At Volvo Car BV, the total labour force at the end of the quarter amounted to approximately 8,000 persons. Personnel turnover showed a slight tendency to drop, but absenteeism showed an upward trend.

Subject to approval by the ordinary general meeting the Board of Volvo has decided to increase the shareholders' equity by Kr183.1m. by means of a rights issue. The Volvo shareholders have the right to subscribe one new share valued at Kr.70 for every five they previously held.

In February, a ten-year international bond loan of $U.S.25m. was floated at an interest rate of 9¼ per cent. and a price of 99½.

Group cash and short-term notes dropped during the quarter by approximately Kr.260m. amounting at the end of March to approximately Kr.1,150m.

$240m. Polish mining loan

A $240m. syndicated Euro-dollar loan for development of copper deposits in Poland has been arranged with Chase Manhattan Ltd., a London affiliate of Chase Manhattan Bank as manager. Co-managers were Manufacturers Hanover, which is an arm of Manufacturers Hanover Trust, Commerzbank and Cie Financiere de la Deutsche Bank, a Luxembourg affiliate of Deutsche Bank.

The loan is for seven years and the interest rate will be at 1½ percentage points over the London interbank rate for Euro-dollars. The loan agreement was signed by Bank Handlowy, the Polish trade development bank in Warsaw. The Polish news agency said the proceeds will help speed the rate of extraction and production of copper for export markets.

*

South African Iron and Steel Industrial Corp. (ISCOR) said it is making a $40m. 15-year private placement of floating rate notes, with guaranteed minimum interest rate 8.5 per cent., through a consortium of four European banks. The notes will carry six monthly interest at a margin of 1½ per cent. above the interbank Eurodollar rate, a spokesman said. Proceeds will be used for general expansion.

The consortium consists of Credit Commercial de France, Kredietbank, Westdeutsche Landesbank Girozentrale and Hill Samuel.

*

Norsk Hydro's $40m. 10-year Eurobond has been offered at par with a 9.75 per cent. coupon, Hambros Bank said as lead manager for the issue.

*

THE Swiss National Bank said it has put a ceiling of around Sw.Frs.350m. for the amount of public foreign loans which can be floated on the Swiss capital market in May and June this year.
Agencies

Good prospects overall for Bruxelles-Lambert

BY DAVID CURRY

BRUSSELS, May 15.

A SIGNIFICANT advance in portfolio revenues in the current financial year is forecast by Baron Philippe Lambert, president of Belgium's second largest holding company, Compagnie Bruxelles-Lambert pour le Finance et l'Industrie. Speaking at the annual shareholders' meeting he warned, however, that he feared "a certain fall-off" in receipts from property operations.

Profits from disposal of holdings would be higher than 1974 judging by developments so far this year, he commented, while provisions for depreciation on shareholdings would be substantially lower than in previous years unless the company had to make a loss provision in connection with its holding in a Zaire brewing operation nationalised at the beginning of this year. The recession in the steel sector would also affect the level of profits, he declared, although on a non-consolidated basis the dividends from this sector were well up.

If the general economic situation did not deteriorate, Baron Lambert concluded, the prospects for the current year were good. Reviewing the 1974 situation, where the group recorded profits before depreciation of B.Frs.1.3bn. against B.Frs.1.36bn. the previous year to cover an unchanged B.Frs.110 dividend, Baron Lambert regretted that no advance in the dividend had been possible. He drew attention to the profound stock exchange depression, partly brought about by historically high interest rates and to the consequent heavy burden of interest charges and depreciation. This, together with a write down of B.Frs.125 per share for the Zaire nationalisation had severely depressed the break-up value of the company to B.Frs.2.44bn. against B.Frs.3.35bn. the previous year. However, in the first quarter of the current year the break-up value of the company's holdings had already risen to B.Frs.2.68bn. and by the beginning of May had increased further to B.Frs.2.86bn., he reported.

Baron Lambert complained, however, that the Board had not been able to treat an appreciation in the value of the head-quarters building of B.Frs.127m. as it had wanted, because of intervention by the Banking Commission. This had obliged the company to provide B.Frs.127m. more in depreciation than it had intended and had depressed the profits level.

Turning to the merger of the Banque Lambert, the wholly-owned subsidiary of the holding company, with the Banque de Bruxelles, Baron Lambert defended the formula of the sale of the Banque Lambert to the Banque de Bruxelles. To effect the merger it had been the simplest formula, in light of the difficulty in arriving at a valuation of the Banque de Bruxelles. He also defended the valuation of Banque Lambert on the basis of net asset value at B.Frs.2bn., which is the purchase price the Banque de Bruxelles is paying.

The Banque Bruxelles-Lambert, as the new banking group is known, is to raise B.Frs.3bn. as a subordinated loan of which the holding company will subscribe B.Frs.2bn. at 9.25 per cent. The holding company is guaranteeing, to April 1 next year, the parity between the book value of Banque Lambert advances and their real value. It is also guaranteeing risks on arbitrage and foreign currency existing before March 31 this year (the Banque de Bruxelles lost some B.Frs.3.5bn. on foreign exchange last year).

Baron Lambert repeated the timetable for the restructuring of the Bruxelles-Lambert holding company. Next year he hopes to be able to implement the plan to create a financial and investment arm as a separate company, permitting the formation of a pure holding company without operating interests with the finance company and the merged bank as its two independently managed subsidiaries.

Nestlé curtails diversification

BY JOHN WICKS

LAUSANNE, May 15.

THE NESTLE concern is to cut down on all non-essential expenditure and considerably reduce its diversification effort, company Chairman Pierre Liotard-Vogt told the annual general meeting of Nestle Alimentana here to-day. The company, he said, was taking every step necessary towards improving operational efficiency and "allowing itself to be guided by two major concerns, one being to safeguard our company's assets and the other to maintain the employment of our staff at all levels."

Mr. Liotard-Vogt, who stressed that Nestlé's health and vitality remained intact, said it was obvious that the company could not escape the consequences of a worldwide recession. Nestlé must be conscious of the difficulties which awaited it so as to be better prepared to tackle and overcome them.

With regard to the Board's intention to slow down on diversification, he explained that this was necessary not only because Nestlé had "already gone very far in this direction" and now had to concentrate on the development of new acquisitions, but also because of attempts to retain financial resources with which to ensure the financing of existing activities.

Quoting the recent sale to the National Westminster Bank of a majority shareholding in the Handelsbank in Zurich as a move with the same object in mind, Mr. Liotard-Vogt nevertheless stated that Nestlé had no intention of tying itself down by a self-imposed rule. It had retained complete freedom of action to acquire other businesses, provided these appeared to be of special interest and benefit.

Nestlé, he said, had a contribution to make in the combating of world hunger. In the poorer countries the group was, together with others, making every effort to find ways and means of developing the "agri-businesses"—collaboration between industry and agriculture aimed at more effective production of goods for storage and distribution to where they were most needed.

Furthermore, he reported "promising results of our collaboration with a very large oil company" with a view to obtaining proteins from petroleum by-products. Mr. Liotard-Vogt disclosed that Nestlé intends to go beyond the manufacture of proteins for animal fodder and to produce substances which one day could be consumed by man. The company's spokesman did not give the name of the oil company concerned, but it was announced some years ago that Nestlé and Exxon were collaborating in the field of synthetic proteins.

"Although our laboratories have already turned out such a product, it will be a long time before industrial production is possible. We have already invested tens of millions of Swiss francs in this research and we are prepared to increase our commitment. To what extent it will be ultimately profitable we do not know, but a company as important as yours must be alive to its worldwide responsibilities in the nutritional area and must unhesitatingly set aside sums, which may later prove to be irrecoverable, when it is our duty to help solve such a problem," he told the shareholders.

Company Results

Bekaert pays higher dividend

● Bekaert net 1974 consolidated profit rose to B.Frs.855m. (B.Frs.654m.), while group turnover increased to B.Frs.22.252bn. (B.Frs.16.096bn.). Parent company profit was B.Frs.637m. (B.Frs.449m.). An increased net dividend of B.Frs.105 (B.Frs.85) is proposed.

● Kloeckner - Humbold - Deutz (KHD) said it proposed paying a 1974 dividend of DM3 (nil). Parent company net profit was DM10.9m. (nil).

The company said it is confident of further improvement in 1975 after starting the year with considerably higher orders in hand. Apart from the mass production of engines and traction units, major growth was again in industrial plant. The 1974 result was relatively favourable despite the general economic situation with capacity well used. Domestic business stagnated although considerable rates of growth were achieved in exports, the company added.

● Generale Occidentale reports net revenues of Frs.33.4m. (Frs.147.8m including exceptional dividends from subsidiaries) for the nine months ended March 31.

● Cie Financiere de Paris et des Pays Bas first 1975 quarter gross income rose to Frs.5.38m. (3.13m.).

● Cie Financiere de Suez first 1975 quarter revenue fell to Frs.5.74m. (7.39m.).

● Ste. Metallurgique le Nickel (SLN) net 1975 first quarter turnover rose to Frs.323.8m. (253.8m.) while Ste. Miniere et Metallurgique de Penarroya turnover for the period was Frs.223.6m. (330.3m.) and that of Cie de Mokta Frs.2.3m. (2.9m.). The companies are all members of the Imetal (formerly Ste. le Nickel) group.

● Sacilor first 1975 quarter net consolidated turnover totalled Frs. 2.20bn. (2.20bn.). Crude steel output fell to 1.63m. tonnes (2.10m.), while deliveries were down at 1.46m. tonnes (1.79m.).

● USINOR net first 1975 quarter turnover fell to Frs.2.27bn. (2.41bn.). Steel output fell to 1.89m. tonnes (2.78m.), while deliveries to customers were down at 1.67m. tonnes (2.15m.).

● Jeumont Industries is paying a total 1974 dividend of Frs.8.25 (7.50) on already announced net profit of Frs.6.2m. (5.5m.).

● Internatio-Muller said the marked decline in sales and profit in the last 1974 quarter continued during the first 1975 quarter. However, the company has confidence for the longer term, its annual report said. It earlier reported 1974 net profit of Fl.42.4m. (42.2m.) on sales of Fl.3bn. (2.45bn.), and proposed a Fl.4.80 dividend (4.00).

● Massey-Ferguson said that sales for first half of 1975 are expected to slightly exceed $1bn. compared with $774m. for the six month period in 1974. Since first half sales in farm machinery industry are historically lower than in second half, the company said it was well on its way to achieving its announced expectation of surpassing sales of $2bn. (1.78bn. in 1974).

● International Harvester second quarter to April 30 earnings per share were $1.93 ($1.34). Net income was $54.3m. ($37.3m.) from revenues of $1.45bn. ($1.25bn.).

For the first six months the respective figures were: earnings per share $4.28 ($2.18); net $119.5m. ($60.6m.); and revenues $2.57bn. ($2.25bn.).

Net for 1974 excludes tax loss carry forward credits of 8 cents a share for the second quarter and 13 cents a share for the six months.

The six months 1975 net includes 29 cents a share credit for cumulative effect on prior years earnings on change in accounting method.

● Schlumberger has declared a quarterly dividend of 15 cents per share.

● NV Vereenigde Glasfabrieken said it sticks to its earlier forecast that 1975 results will be lower than 1974's net profit of Fls.5.1m. on sales of Fls.209m. The company said results in the first 1975 quarter confirm this expectation, but did not elaborate.

Boussois Souchon Neuvesel has a 67 per cent. interest in the Dutch glass maker.

● NKF Groep net 1974 profit fell to Fls.41m. (45.8m.) on sales of Fls.1.58bn. (1.33bn.). The company, which is a subsidiary of Philips Gloeilampenfabrieken, expects 1975 to be a difficult year.

● International Systems and Controls is paying a quarterly dividend of 6.25 cents per share.

Grundig expects lower earnings

MUNICH, May 16.

GRUNDIG AG profits in the year ending March 31 will not be as good as the previous year's net profit of DM79m., Board member Herr Josef Stoffels said.

Earnings details are not yet available, he said.

In the first 1975 quarter the radio and television sector's wholesale turnover dropped by 20 to 25 per cent. against the same 1974 period and sales to specialised retailers fell 7 per cent. Domestic sales of colour television in the first 1975 quarter dropped more than 30 per cent. on the same three months of 1974.
Reuter

Societe Generale loan terms

By David Curry

BRUSSELS, May 15.

BELGIUM'S LARGEST holding company, the Societe Generale de Belgique (SGB), has gained shareholders permission to raise B.Frs.2.7bn. (about £33m.) by the issue of 908,000 convertible bonds.

The borrowing is substantially higher than had been originally envisaged—the company had at first talked of raising some B.Frs.1.5bn. subsequently talking of a range of between B.Frs.2bn. and B.Frs.2.5bn. However, recent bond issues have gone very well, and the company is confident that the market will take up the issue. The latest issue on the market, the B.Frs.5bn. loan for Belgian railways, was issued without an underwriting group because the Government thought the market was buoyant enough to absorb the issue without having to give a discount to the underwriters. In fact the banks were buying the paper for 98.55 per cent. and the market price is now 99.5 per cent. bid with the prospect of going over par shortly.

The SGB loan will be in the form of convertible bonds issued at par at a coupon of 8.25 per cent. with the issue opening on June 2. The life of the loan is 12 years with the conversion period set between 1977 and 1985.

SGB hopes that the issue will help to extend foreign shareholdings in the group. The underwriting consortium of 19 banks, led by the group's own banking arm, Societe Generale de Banque, include significant foreign representation including two Arab institutions as well as Midland Bank, Schroder Wagg, Banque Belge Limited and the EBIC group. The company hopes that a large part of the issue will be placed in neighbouring countries and in the Arab world.

The money is earmarked essentially for investment and financial assistance for associated companies. One of the largest of these, Traction et l'Electricite, which is a substantial holding company apart from its major role as a gas and electricity utility, is raising its capital by up to B.Frs.241m. shortly and SGB will subscribe to this in the proportion of its present 28 per cent. direct stake and 16.5 per cent. additional indirect holding.

PUK sales decline

PARIS, May 15.

PECHINEY Ugine Kuhlmann reports, for the first 1975 quarter, net consolidated turnover of Frs.4.8bn. (Frs.5.4bn.) the company says that the decline of 10.7 per cent. reflects the weakening of activity in certain sectors, especially by the car and construction industry and also the fall in raw material prices, including copper.

On a comparable structure basis, since some changes have been made in the past year, turnover in the first quarter by sector was as follows: steels and electrometallurgical Frs. 877m. (709m.), aluminium 1,361m. (1,438m.), chemicals 1,173m. (1,134m.), copper processing 785m. (1,412m.), nuclear and special products 633m. (714m.).

The company says that 41.7 per cent. of first quarter turnover was achieved outside France, represented by 22.2 per cent. in exports and 19.5 per cent. in foreign sales' subsidiaries.

A new company, Trefimetaux (U.K.) Limited, has been formed by PUK as a sales office for its range of copper and brass semi-manufactures, such as rod and strip, the company announced.
Reuter

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	[illegible]	[illegible]
Ashland 8pc 1987	97	98
Austraswiss 8pc 1987	91	92
BFCE 8pc 1989	[illegible]	[illegible]
Borregaard 8½pc 1989	95	96
Carrier 7pc 1987	90½	91½
Conoco 8pc 1988	95½	96½
Consol. Foods 7½pc 1991	84	85
Cutler Hammer 8pc 1987	91½	92½
EIB 9¼pc 1985	100½	101½
Esso 8pc 1986 Nov.	96	97
General Cable 8½pc 1987	87½	88½
General Motors 8½pc 1986	101	102
GTE 8½pc 1986	96½	97½
ICI 7½pc 1992	77	78
Nat. Grindlays 7½pc 1987	78	80
Pacific Light 8pc 1988	91½	92½
Prov. of Quebec 7½pc 1988	87½	88½
Quebec Hydro 8½pc 1989	96½	97½
Queensland 8½pc 1987	89	90
Scanraff 8½pc 1988	94	95
Shell 8pc 1990	94½	95½
Stand. Oil (Ind.) 8½pc '88	99	100
Tenneco 7½pc 1987	[illegible]	[illegible]
Transocean 8pc 1986	95½	96½
TRW 7½pc 1986	94	95
Utah 8pc 1987	91	92
Volvo 8½pc 1985	[illegible]	[illegible]

NOTES	Bid	Offer
Air France 9½pc 1982	101½	102½
Australia Ind. 10½pc 1981	103½	104½
Barclays 7½pc 1978	98	100
Cie Natl. Rhone 10pc 1982	103½	104½
Du Pont 7½pc 1978	99½	100½
Esso 7½pc 1978	100	101
General Motors 8½pc 1978	101	102
Marubeni 9½pc 1982	101	102
Nippon Fudosan 10½pc 1981	103½	104½
Skandinaviska 10½pc '81	103½	104½
Tenneco 7½pc 1979	96½	97½
Tokyo Curacao 10½pc 1981	103½	104½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	82	84
Ashland 5pc 1988	76	78
Beatrice Foods 4½pc 1992	96	98
Beatrice Foods 4½pc 1993	98½	100½
Borden 5pc 1992	91	93
Broadway Hale 4½pc 1987	71	73
Canon Camera 7½pc 1989	92½	94½
Carnation 4pc 1987	91	93
Chevron 5pc 1988	92	94
Dart 4½pc 1987	96	98
Eastman Kodak 4½pc 1988	120	122
Economic Labs. 4½pc 1987	51	53
Fidal 7½pc 1989	103	105
Ford 6pc 1986	83	85

	Bid	Offer
Ford 5pc 1988	75½	77½
Fuji 6½pc 1983	114	
General Electric 4½pc 1987	82	84
Gillette 4½pc 1987	81	83
Gould 5pc 1987	81	83
Halliburton 4½pc 1987	121	123
Harris 5pc 1992	67	69
Hitachi 6½pc 1984	108	
Honeywell 6pc 1986	78	80
ITT 4½pc 1987	69	71
Komatsu 6½pc 1984	102	
J. Ray McDermott 4½pc '87	124	126
Mitsui 8pc 1989	150	
J. P. Morgan 4½pc 1987	125	127
Motorola 4½pc 1983	131	
Owens Illinois 4½pc 1987	87	89
J. C. Penney 4½pc 1987	89	91
Pioneer 6½pc 1989	115½	120½
Rand Selection 8½pc 1986	104	
Rank 4½pc 1985	42	44
Revlon 4½pc 1987	105	107
Sperry Rand 4½pc 1987	99	101
Squibb 4½pc 1987	96½	98½
Toshiba 6½pc 1985	125	—
Union Carbide 4½pc 1982	113	115
Warner Lambert 4½pc 1987	93	95
Warner Lambert 4½pc 1988	83½	85½
Xerox 5pc 1988	79	81

Source: Kidder Peabody Securities.

MINING NEWS

Now Newmont suffers in Australia

BY LESLIE PARKER, MINING EDITOR

THE BIG gold-mining project in Western Australia being developed by America's Newmont Mining Corporation has run into inflation problems our Perth correspondent reports, with infrastructure costs running at 30 to 50 per cent. higher than planned.

It is still hoped to start up later this year but this will take "some sacrifices" the company's chief Australian executive Mr. R. J. Searls says and "it would be premature to say that the venture is set to go this year. We are fighting but inflation could get the better of us."

He implied that the project would come on stream on a smaller scale than envisaged. The deposit is in a remote area of the Paterson Range about 250 miles south-east of Port Hedland and is presently estimated to contain some 3.8m. tons of ore averaging around 6 dwts. Even at the present high gold price this is regarded as "only marginal," Mr. Searls says.

Because of the "incredible inflationary spiral we are now looking at the top end of a cost scale of $80m. (£17.5m.)." It is hoped that all the various authorities will help out so that "we can make it." A further announcement is expected once the present engineering study is completed in about a month. Newmont has already spent more than $2m. proving reserves. An open-pit operation is envisaged.

GOLD SALES

South Africa continues to sell gold from her reserves on the free market in addition to the Republic's entire newly mined output which is currently around 18 tonnes a week.

Last week sales of about ½ tonne were made based on Reserve Bank figures for the week ended May 9 which show a fall in South Africa's gold holdings of R8.5m. to R520.2m. Total gold and foreign reserves, however, rose R4.7m. to R724m.

ANGLO SEEKS NEW PARTNER

Australian Anglo American, the down-under offshoot of South Africa's Anglo American Corporation, is advertising for "other partners" for its Comstaff venture in north-western Tasmania, reports Michael Southern from Sydney. BH South is the other major participant in the prospect and that company has indicated that it does not intend pulling out of the venture.

Comstaff holds title to about 358 square miles on which a search is being carried out to establish if there are any significant orebodies of lead, zinc, copper or tin. AAA has worked the site alone since 1972, says Southern, and the move is prompted by needs to find an associate prepared to help finance the exploration costs as well as to seek a substantial Australian partner which will appease the country's nationalistic Labour Government.

Of the 3.5m. shares in issue in Comstaff, BH South holds just over 1m. and, apart from a small vendor interest, AAA owns the remainder.

RTZ group's fund raising

The 51 per cent. owned Canadian subsidiary of the Rio Tinto-Zinc group, Rio Algom, is contemplating a $25m. (£10.48m.) rights issue. The terms will depend, it is stated, on market conditions at the time. U.S. shareholders will be excluded from the offer.

Preston Mines and Tinto Holdings Canada which own some 60 per cent. of Rio Algom will exercise their rights. Rio Algom also intends to make an offer of series B Debentures to the public although the amount thereof has not yet been determined.

The new fund-raising will largely be regarded as a long-term expression of faith in the future demand for uranium. The proceeds, it is stated, will be used for general corporate purposes which include expansion of the big Elliot Lake uranium operations as well as for new production facilities in the steel division.

The RTZ group also announced yesterday that its Australian iron ore offshoot Hamersley Holdings proposes to offer $US25m. (£10.8m.) of seven-year debentures in the international capital market later this month. The offering will be made by an international group of underwriters.

NORTHGATE DRILLING

As indicated in our Monday mining columns, Northgate Exploration's probing of ground in the vicinity of the group's big Tara Exploration zinc-lead find at Navan in Ireland continues to give encouraging results. The assays from the latest borehole, the fourth to hit mineralisation, are 12.1 pe rcent. combined lead-zinc over a core length of 25 feet. Drilling with two machines is stated to be continuing.

Northgate's net income in the March quarter was $0.41m., equal to 8 cents a share, compared with $2.63m. or 44 cents a share in the same period of 1974. Despite an improved level of concentrate production, income was sharply lower owing to the substantially reduced prices for both copper and lead allied to generally higher operating costs. The Gortdrum copper mine in Tipperary was working at a loss during the latest quarter.

Results to date in the Navan drilling are deemed encouraging although no proper assessment of the economic potential can yet be made. Drilling of other prospects in the Navan area is to be carried out in the near future. Northgate fell 5p to 336p yesterday.

DIAMONDS IN ISRAEL

Israel's specialisation in the cutting and polishing of small gem stones, or melees, continues to buffer the country's industry against the recent period of reduced demand for diamonds. During the first four months of this year, net exports of polished stones are only marginally lower at $189m. (£82.2m.) as against $189.3m. but the caratage sold is 12.3 per cent. higher at 914,924 over the similar period of last year.

This does, however, represent a slowing down in sales from the earlier part of the year when, for the first two months, the figure was 16.5 per cent. higher than the corresponding period. The Israeli industry continues to benefit from all transactions being carried out in U.S. dollars which has rendered its production cheaper in world terms compared with its competitors.

For the first quarter of this year, the U.S. remained the leading market for Israeli production, taking some $42m. worth of stones, followed by Hong Kong, Holland and Japan. Exports to the U.K. totalled $6.5m.

MINING BRIEFS

PAHANG—April: output of Lode Tin concentrates produced and sold 183 tonnes (March 188 tonnes).

WHEAL JANE—April output of Tin metal contained in concentrates 99 tonnes (March, 118 tonnes).

BIDS AND DEALS

B. & C. to bid for Leadenhall Sterling

British and Commonwealth Shipping is to acquire Guinness Peat Group's beneficial holding of 1,002,271 Ordinary stock units in Leadenhall-Sterling Investments at 55p per unit (cum dividend) in cash.

The holding represents 49.24 per cent. of LSI's total equity and, in accordance with the City Takeover Code, B and C will as soon as practicable make a similar offer to holders of remaining Ordinary.

The LSI Board has been informed and has stated that in due course it will communicate with the remaining holders.

On completion of the purchase Mr. J. E. A. R. Guinness, Mr. H. M. Sassoon and Mr. G. A. Whittaker will resign from the LSI Board.

NO LESS PROFIT FOR HALCYON

Pre-tax profits of Halcyon Investments for the year ended April 26, 1975, should be "not less" than the £223,185 achieved in 1973-74, it is stated in documents containing the agreed offer for the company by Richardson Smith. In the first quarter of 1975, pre-tax profits of RS rose 50.9 per cent. to £60,634 on a 26 per cent. sales rise to £508,218. The offer closes on June 6.

WADHAM STRINGER SAYS 'WAIT'

Wadham Stringer confirming that it has received an approach from Provincial Laundries states that the information so far received relating to the proposed offer is so inadequate "that the directors are unable to evaluate it.

They will discuss with financial advisers, S. G. Warburg and Co. any detailed offer which may be made, but in the meantime holders are strongly advised to take no action on any document they may receive from Provincial.

PENNINE MOTOR

The directors of Pennine Motor Group announce that following the restructure of the Board and the appointment of Mr. S. Watling as chairman, Mr. P. Grimshawe has been appointed financial director.

Mr. Watling and Mr. Grimshawe have, through one of their private companies, acquired from Lownsborough family interests 800,000 Ordinary shares representing 12 per cent. in Pennine.

During the past 12 months agreements relating to disposals of subsidiaries and assets have been concluded or are about to be concluded which, it is stated, will improve future profitability and liquidity.

The loss for the year ended January 31, 1975, on information presently available will be in excess of the figure shown in the interim report, but losses "have now been definitely arrested," it was stated. The half-year loss was £98,007.

ELBAR INDUSTRIAL

Elbar Industrial announces that 547,600 (32.2 per cent.) of its shares and £139,628 (98.8 per cent.) of its unsecured convertible loan stock 1975 have been transferred by Tanganyika Holdings to its wholly-owned subsidiary Tanganyika Holdings (Investments)—with no change in beneficial ownership.

Some £139,628 of Elbar's 6 per cent. Unsecured Convertible Loan stock 1975 held by Tanganyika (Investments) has been converted into 139,628 Ordinary shares, increasing its holding to 687,228 shares (37.4 per cent.).

Prior to conversion, advice was obtained from the City Takeover Panel that the resulting increase in the holding did not fall within the terms of Section 34 (A) (II) of the City code (which normally requires a bid to be made where over 30 per cent. of a company's equity is required).

Recovery at Cater Ryder

AFTER PROVIDING for rebate, tax, and transfer to (transfer from) contingencies and after a "very substantial" transfer to inner reserves, profits of bill brokers and bankers, Cater Ryder and Co. recovered from £321,849 to £1,109,186 in the year to April 30, 1975.

The dividend is stepped up from 7.52p to the maximum permitted 14.4p net with a final of 11.05p.

	1974-75	1973-74
	£	£
Net profit	1,109,186	321,849
Pref. dividend	56,975	56,975
Interim ordinary	128,784	132,446
Proposed final	418,182	152,117
Unrelieved ACT	—	158,958
Forward	557,180	51,794

Hield Bros. second half downturn

SECOND HALF profits of Hield Brothers, worsted cloth manufacturers, spinners, dyers, etc., showed a reduction from £377,489 to £313,640, leaving the total for the year ended April 6, 1975 at £894,640—an increase of £27,151.

Earnings per 5p share are stated to be up from 1.994p to 2.097p. The dividend is raised to 0.745p—the maximum permitted—compared with 0.683p.

The order book at the end of the year was lower than the last two years, but towards th end of the period under review the flow improved and this trend continues, reports chairman Mr. R. H. Hield.

	1974-75	1973-74
	£	£
Turnover	7,610,080	6,734,080
Profit	894,640	867,489
Charged:—		
Depreciation	189,398	188,517
Interest	115,491	91,376
Taxation	363,838	356,348
Extraordinary debit	—	302
Attributable	331,002	310,841

Cowdray family reduces holding in S. Pearson

SIX MILLION shares in S. Pearson and Son have been disposed of by the family of Viscount Cowdray, chairman of the company. The shares were placed with institutions at about 105p a share.

The effect of the sale is to reduce the interest of the Cowdray family in S. Pearson and Son from just under 60 per cent. to a little over 50 per cent. It is understood that the disposal was made for tax reasons.

Dunlop on target with earnings of £11m

IN LINE with mid-term expectations profits attributable to Dunlop Holdings emerged at £11.02m. for 1974, including extraordinary items of £0.92m. In the previous year the profit was £9.85m., after rubber market losses of £4.8m.

Results of the Dunlop/Pirelli Union show a drop in attributable profits from £17.3m. to £8.5m. in 1974. Excluding Italy, attributable profits of the rest of the Union decreased from £22.4m. to £20.2m.

Despite adverse trading factors and reduced contributions from associates, the profit of Holdings at the pre-tax and interest stage was up by 26 per cent. to £70m.: and represented a return on average net funds employed of 12.7 per cent. (11.4 per cent.).

After financing charges up from £19.76m. to £25.97m., the pre-tax balance comes through at £44.04m. against £35.71m.

Earnings per 50p share, before extraordinary items, are stated at 9.68p. against 9.42p. on a proposed distribution basis. The final dividend is 1.625p, making a net total of 3.3p, compared with 3.425p—equal to an unchanged gross total of 5p.

The directors reveal that during the year all freehold properties in the U.K. and properties held in some overseas companies were professionally valued on an existing use basis. These valuations were incorporated in the accounts and the excess over book which totalled £27m., after provision for tax equalisation on industrial buildings, was credited to surplus (£13m.) and to minority interests (£14m.). Additional depreciation arising in 1974 from these valuations was £200,000 and in a full year it will be £800,000.

As regards 1975 the directors report that the year started slowly, although trading has since picked up. "But with the twin problems of inflation and recession still affecting many of the countries where we operate, it is impossible to forecast the year's out-turn."

External sales of Union companies (including the Industrie Pirelli group in Italy) were £1.59bn.—19 per cent. higher than in 1973. The effect of worldwide inflation, combined with governmental controls on selling prices meant that increases in costs could not be fully recovered. As a result, the overall operating margin to sales was lower at 6.8 per cent. compared with 8 per cent. last year.

In Italy the directors report an improved performance but because of the effect of copper prices and high financing charges, Industrie Pirelli made a substantial loss. Despite a difficult start, trading in the U.K. held up well, but the tyre business in Continental Europe remained depressed.

Financing charges were £18m. higher as a result of higher borrowings and the higher interest rates ruling in most countries.

During the year group capital expenditure amounted to £29.6m. of which £10.5m. was in the U.K. and the remainder in Europe and overseas. The internal cash flow of £39.6m. was more than sufficient to cover total expenditure and contributed towards meeting the increased working capital requirements, the directors state.

Net working capital increased by £36.7m. to £252.4m. Excluding the effect of exchange rate movements, the increase was only 15 per cent. compared with an increase in the value of sales of 16 per cent.

Bank balances showed a decrease of £12.9m. compared with 1973 when the year-end balances were unusually high as a result of the sale of certain debtor accounts in the U.S. which was not repeated in 1974.

The increase in total borrowings was limited to £18m., giving a total of £220.1m. Exchange rate movements accounted for £9.5m. of that increase. Excluding the effect of the property revaluation, the gearing was little changed at 74 per cent. (72.4 per cent.). Including the effect of the property revaluation, at December 31, 1974, borrowings represented 68 per cent. of total holders' funds.

Total financing facilities available to the group are fully adequate to cover foreseeable requirements, and the group is operating well within its facilities, members are told.

Report and accounts will be posted on May 13 and the meeting held at the Hotel Meurice, SW, on June 29, at noon.

	1974 £m.	1973 £m.
DUNLOP HOLDINGS		
External sales	893	750
Trading balance	85.97	81.17
Plant hire and lease rentals	5.29	4.75
Depreciation	30.47	25.83
Operating profit	56.21	51.25
Rubber market losses	—	4.77
Government grants	1.51	1.08
Investment income	1.22	1.45
Share of associates	6.77	9.51
Profit before interest	70.01	55.47
Financing charges	25.97	19.76
Profit before tax	44.04	35.71
Taxation	24.43	19.55
Net profit	19.61	16.16
Minorities	9.51	6.31
Net balance	10.10	9.85
Extra-ord. credit*	0.92	—
Attributable	11.02	9.85
Dividends	3.54	3.96
Retained	7.15	5.59

*Sale of tyre activities in Canada.

	1974 £m.	1973 £m.
UNION		
External sales	1,585	1,336
Trading balance	173.32	170.25
Plant hire & lease rentals	4.54	3.79
Depreciation	57.57	57.78
Operating profit	106.91	109.74
Rubber Market losses	—	4.77
Government grants credit	2.23	2.05
Investment income	1.54	1.51
Share of associates	5.82	1.54
Profit before int.	116.50	107.67
Financing charges	60.52	42.18
Profit before tax	55.98	65.49
Taxation	30.70	28.35
Net profit	25.28	37.12
Minorities	16.74	19.79
Attributable	8.54	17.33
Dunlop share	10.31	10.51

In Industrie Pirelli group, from January 1, 1974 back service liabilities arising under each negotiated three-year labour contract in respect of severance indemnities are spread evenly over the contract period; the effect of this has been to increase the Union attributable profit by £5.5m.

See Lex

Eriks-Allied Polymer

A new international distribution company called Eriks-Allied Polymer is due to commence trading on June 2. It has been formed to carry out the marketing and distribution operations of an existing joint venture between Allied Polymer Group's subsidiary, Rubber House, and Eriks N.V. of Holland.

Eriks-Allied will be 50 per cent. owned by APG and 50 per cent by Eriks.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£36⅛	£35	Bell Canada ($25)	£35⅞	−⅛	—	—	—	—
a	F.P.	—	£22¼	£17½	Cont. Can. Inc. $US1	£21⅞	+⅛	$1.8	—	3.7	—
$22	Nil	30/5	105	22	Deelkraal Gold Mining	85pm	−7	—	—	—	—
..	F.P.	—	131	120	Ewart New Northern	131		—	—	—	—
140	70	20/6	108	84	Bank "A"	103	+5	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	99⅝	98½	Agricultural Mortgage 11½% 1976	98⅝	—
$98	F.P.	—	$95½	$90½	Oranges 9¾% Bonds 1985	$90½	—
£97¾	£40	—	39¾	37	G.L.C. 12½% Stk. 1982	37½	—
a	F.P.	28/8	100	100	Greenwood & Batley 12% Uns. 88/93	100	—
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 10% 1980	100	—
£99	F.P.	30/5	105¼	101	Mid-Kent Water 10% Prf. 1980	104	—
..	F.P.	23/5	15½	11¼	Mid-Southern Water 10% Prf. 1980	100	—
£100	Nil	21/5	10⅞	5	N. Atlantic Secs. 7½% Cnv. 95-98	9½pm	—
$98	F.P.	—	$98	$96½	Ottawa-Carleton 9% Deb. 1990	$97	—
$99	F.P.	—	$101	$99½	Papua New Guinea 9¾% Guar. 1985	$100	—
£97¾	F.P.	—	105¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	105¼	—
£100	F.P.	30/5	165	122	Slough Estates 10% Conv. Uns. 87/90	165	+2
£99¼	£25	1/6	46¼	45½	Southend-on-Sea 12½% 1981	45½	—
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	104¼	—
..	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	104	—
—	F.P.	14/2	85	60	Worth (Bond) 12% Conv. Uns.	84	−2
£100	250	2/10	97	67	Yorks Chems. 12½% Conv. Uns.	77	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid	Latest Renunc. Date		Stock	Closing Price p	+ or −
100	Nil	—	—	Ash & Lacy	13½pm	—
55	F.P.	16/5	2/7	Associated Biscuit	62	+1
10p	F.P.	15/5	16/6	Aurora Holdings	10½	+½
60	F.P.	11/4	20/5	Barratt Dev.	99	+2
55	Nil	—	—	Cadbury Schweppes	7½pm	+1
10p	F.P.	2/5	30/5	Crosta Int.	66	—
35p	Nil	19/5	10/6	Delta Metal	10½pm	+2
$1.20	Nil	—	—	EZ Inds.	70pm	−4
55p	F.P.	2/5	23/5	Fothergill & Harvey	68	—
175	Nil	19/5	30/6	Guest Keen	54pm	−3
5	F.P.	10/4	16/5	McPherson (D.)	30	−1
100	Nil	—	—	Manbre & Garton	30pm	+2
60	Nil	—	—	Martin Black	35pm	+2
60	F.P.	16/5	13/6	Morgan Crucible	99	+5
47	Nil	—	—	Richard & Wallington	15¼pm	+1¾
50	F.P.	1/5	27/5	Rotaflex	54	+½
R0.60	Nil	—	—	S.K.F. "B"	20pm	—
95	Nil	—	—	Simon Eng.	10pm	−¾
58	F.P.	2/4	16/5	Sketchley	57	+1
77	F.P.	12/5	6/6	Spirax-Sarco	108	—
90	F.P.	25/4	23/5	Steetley	114	—
[illegible]	Nil	—	—	Tarmac	17pm	−1
[illegible]	F.P.	29/4	1/6	Tube Invs.	276	+6
85	Nil	—	—	Western Selection	8pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. s Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ♣ Offered to holders of Ordinary shares as a "rights". ♥ 250 S.Afr. cents. § Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‖ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≠ With warrants.

APPOINTMENTS

Changes at Allied Breweries

ALLIED BREWERIES has made the following changes: Group Captain B. G. Carfoot, a vice-chairman, will cease to be chairman of Allied Breweries (U.K.) on September 28 on reaching retirement age, remaining as a non-executive director of that company until December 31. He will also retire from executive duties in Allied Breweries at the end of this year, ceasing to be vice-chairman but remaining on the Board and continuing as chairman of Allied Breweries Pension Trust and a member of the supervisory Board of Skol Brouwerijen NV.

Dr. B. C. Kilkenny, a director of Allied Breweries, at present deputy chairman of Allied Breweries (U.K.), will become executive chairman of the latter company on September 28. Mr. F. G. Smedley, a director of Allied Breweries and managing director commercial of Allied Breweries (U.K.), on reaching retirement age will give up the latter appointment on September 28, remaining on the Boards of both companies. He will not be offering himself for re-election to the Allied Breweries Board in 1976. He will relinquish his other duties by July next year. Mr. P. M. Bonham-Carter will become chief executive—marketing of Allied Breweries (U.K.) on September 28.

★

Mr. Roy Blythen has been appointed deputy managing director of EMI SOUND AND VISION EQUIPMENT. He was formerly director of the company's telecommunications division.

★

Mr. Raymond Potter has been elected chairman of the BUILDING SOCIETIES ASSOCIATION for 1975-76, in succession to Mr. Leonard Boyle. Mr. Potter is chairman of the Halifax Building Society. Mr. Ralph G. Stow is the new deputy chairman of the Association. Mr. Stow is managing director of the Cheltenham and Gloucester Building Society.

★

Mr. John C. Downer has been appointed managing director of CONDER SOUTHERN, following the recent death of Mr. P. E. Huckin.

★

Mr. Donald Wilson has been appointed director of personnel, organisation and training of RANK XEROX (U.K.) in place of Mr. Peter Rickward, who becomes head of operations in Rank Xerox (Australia) Pty., a position previously held by Mr. Wilson.

★

Mr. Stanley R. Rundle has been appointed managing director of SPEAR AND JACKSON (TOOLS), a subsidiary of Spear and Jackson International.

★

Mr. J. C. Sanders has been appointed a director of GILTSPUR EXPO INDUSTRIES, a division of the Giltspur group.

★

Mr. P. C. Roberts has been appointed managing director of the components division of IMPERIAL METAL INDUSTRIES (KYNOCH), a subsidiary of Imperial Metal Industries, in succession to Dr. Gordon Pike, who has retired. Mr. Roberts has also succeeded Dr. Pike as chairman and managing director of Amal and as chairman of IMI Impala.

★

Mr. J. Redford has been appointed a director of RICHARDS AND ROSS, a member of the steel tube division of Tube Investments.

★

Mr. D. A. V. Swanwick, a director of Affiliated Factors, has been elected vice-president of the MOTOR FACTORS ASSOCIATION.

★

Mr. H. J. Hinves has been appointed non-executive vice-chairman of SELECTION TRUST from the annual meeting on July 30. His appointment will continue until he retires as a full-time employee on December 31.

★

Mr. G. D. Lock is to become managing director of the PRIVATE PATIENTS PLAN on June 1 in place of Mr. John H. Dyter, who is to relinquish that position at the end of this month, and will become a non-executive director from the annual meeting in July.

★

WHATLINGS has appointed three managing directors within its subsidiary companies. They are: Mr. T. V. Allardice, Whatlings (Building); Mr. A. D. Robb, Whatlings (Foundations); and Mr. D. Pentland, Whatlings (Plant).

★

Mr. Dennis A. Kennedy has become director and general manager of the ITT BUSINESS SYSTEMS GROUP in the U.K.

★

Mr. R. M. Robbins, managing director (railways), London Transport Executive, has been elected president of the CHARTERED INSTITUTE OF TRANSPORT from October 1.

★

Lord Peddie, a director of ENALON PLASTICS has been appointed chairman. Mr. Alan G. Raggett and Mr. Neville J. Tester continue as joint managing directors, with Mr. John Robertshaw, as financial director.

★

Mr. Dennis Babbs has been appointed assistant managing director of NEUTRAL MILLS, a subsidiary of Lister and Co.

★

Mr. P. C. Dodds, chief advances manager of the domestic banking division of NATIONAL WESTMINSTER BANK, has been appointed deputy general manager of the division in place of Mr. M. R. Denton, who has been seconded to the First National Finance Corporation for special duties and appointed a managing director of that company.

★

Mr. Michael P. Renton has been appointed to the Board of EAST AND WEST INVESTMENT TRUST and subsidiary City and Overseas Investment Trust.

BANK RETURN

	Wednesday May 14 1975	Inc. (+) or dec. (−) for week
BANKING DEPARTMENT	£	£
LIABILITIES		
Capital	14,553,000	
Public Deposits	22,008,353	+ 271,390
Special Deposits	[illegible]	+ 3,020,000
Bankers	353,538,276	+ 57,361,214
Reserves & Other A/cs	955,894,621	+ 5,027,225
	1,734,017,250	+ 65,469,866
ASSETS		
Govt. Securities	1,360,022,889	+ 89,990,000
Advances & Other A/cs	205,152,776	− [illegible]
Premises, Equip't & other Secs	150,675,420	− [illegible]
Notes	18,995,747	− 22,238,208
Coin	171,410	− 8,252
	1,734,017,250	+ 65,469,866
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	5,675,000,000	
In Circulation	5,656,003,253	+ 22,238,708
In Bank'g Dep't	18,996,747	− 22,238,708
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs.	4,983,868,590	+ 34,713,[illegible]
Other Securities	680,126,310	− 34,713,[illegible]
	5,675,000,000	− 25,000,000

United Newspapers Limited
A satisfactory result for 1974—but a challenging year ahead

In his statement to shareholders, Sir William Barnetson, the Chairman, says:

At this time a year ago I advised you that, due to rapid cost inflation and eroded margins, the profit for 1974 would not approach the record figure earned in 1973. Although this is so, the result for the year under review is the second highest in the company's history, and in all the circumstances must be regarded as satisfactory.

The profit before taxation amounts to £5,295,000, compared with £7,012,000 for the preceding year. The downturn in the first half was significantly reduced in the second, when margins were improved by higher advertising rates and cover prices.

After taxation, there are equity earnings of 174 per cent, or 43.5p per Ordinary share; and your dividend for the year, at the new rate, is more than four times covered.

Within the overall profit figure, investment income rose from £504,000 to £784,000, reflecting both the rise in interest rates and the growth of the company's cash resources, which amounted to £6,012,000 at the year end. The profit also includes a surplus of £103,000 on the sale of leasehold properties.

Trading turnover went up to £32,334,000, an increase of £2,700,000 or just over 9 per cent. About two-thirds of this uplift came from newspaper sales and advertising, and a fair bit of the rest from commercial printing.

Against that, however, overall expenditure rose by more than 25 per cent. Here, as usual, the major ingredients were wages and newsprint, the average price of the latter—our prime raw material—going up by around 50 per cent over twelve months. In other words, the real challenge of the past year has been to deal with heavy pressure on profit margins, a task not rendered any easier by the delay mechanisms built into the price control regulations. That remains the continuing scenario for the current year.

Newspapers

Your company's newspapers—mornings, evenings, and weeklies alike—continue to serve as the prime media in their respective catchment areas, from smallish townships like Ormskirk, Clitheroe, Driffield and Dewsbury, and major centres like Preston, Blackpool, Doncaster and Northampton, to the throbbing conurbations around Leeds and Sheffield. They continue to command—and, I believe, deserve to command—the sort of credibility and even affection that come from living and working with their communities in a close, direct and almost personal kind of way. Although this is something that cannot be quantified as a fixed asset on any balance sheet, it is nonetheless a vital factor in your company's performance and future prospects.

Equally important is the improvement of the product itself. To that end a fair amount has been done in recent years to bring our production facilities into line with expanding requirements, and over £1,250,000 was spent in this way in 1974. The process has been continued during the past few months with the installation of additional paging capacity at Sheffield, embracing the new technology of photo-polymer printing plates and computerised photo-setting. A similar scheme is now in hand at Blackpool.

A capital project of somewhat greater magnitude is now in hand for the company's evening paper centre at Northampton, where the town and its environs are being redeveloped and expanded to deal with incoming "overspill" population on a considerable scale. Indeed, the expectation is that by 1981 the number of households will have gone up by over 30 per cent, with a corresponding growth in industrial activity and related services. This will not only create a profitable new dimension for the Chronicle & Echo, but it will also require an increase in production capacity, a need which cannot be met within the confines of our already congested premises. We are, therefore, building a new works, with up-to-date plant, and expect to be operational there towards the end of 1977. The cost of the project is estimated at £5 million.

Periodicals and Printing

On the periodical front, the most significant advance has been that of the monthly Arable Farming, which was relaunched towards the end of 1973 as a controlled-circulation journal. It has now reached its target of registered readership, has established its place in the market, and since the start of the current year has been making a useful contribution to group profitability.

Pig Farming and Dairy Farmer, both leaders in their respective fields, were affected during the year by the economic difficulties which confronted those sectors of the farming industry, but in recent months prospects and performance have taken a turn for the better.

With sales well maintained despite the higher cover price, and with advertisement revenue ahead of 1973, Punch was able to mitigate the impact of rising production costs, and to make a satisfactory profit.

Thanks largely to improved marketing methods and to recent investment in new plant, the company's commercial printing centres more than doubled their profits for the year.

Other Activities

Among the company's other activities, book publishing has been a growth area—covering environmental, agricultural, veterinary, and satirical subjects. There are 47 titles on the current list, and another 18 in the pipeline. In addition, syndication rights have been sold for French, Spanish, Italian, German, Dutch and American editions. There has also been expansion in our magazine distribution and related services, where we handle some 30 titles for outside publishers, making the operation a profit centre in its own right.

On the broadcasting side, we have a 13 per cent. stake in Radio Hallam, Sheffield's commercial station, which went on the air last October. It has already achieved a very respectable share of the market, and is expected to break even this year. We are equally happy with our investment in Trident Television.

Articles of Association

As indicated in the notice convening the Annual General Meeting on 10th June, it is proposed to seek authority to amend the company's Articles of Association. This is to give your board the power to grant ex gratia pensions to non-executive directors on their retirement.

Dividend

The directors recommend a Final Dividend of 6.1618p per Share, the maximum permitted uplift; and subject to approval at the Annual General Meeting, this will be paid on 11th June. When taken together with the Interim Dividend already paid, this will make a total of 10.6618p for the year, compared with 9.6468p in respect of 1973.

Current Outlook

As to prospects for the current year, the problem continues to be cost inflation—in wages, materials and support services of every kind. Against that background we are making every effort to preserve our margins by increasing turnover both in volume and in revenue terms; and our rate structures are well geared to take advantage of any upturn in national trading conditions as a whole. But it will be a difficult and challenging year.

May I conclude by expressing warm thanks to my fellow directors, to the executives and to the staff at every level for their support, their resilience of spirit, and their tenacity of purpose.

Summary of Results

Year ended 31st December	1974 £	1973 £
Profit before Taxation	5,295,341	7,012,218
Profit after Taxation	3,073,417	3,835,362
Ordinary Dividends*	64.78%	56.58%
Retained in the Group	2,257,846	3,089,003
Ordinary Dividend Cover	4.08	5.66
Earnings per Share	43.5p	54.6p

*Gross

The Annual General Meeting will be held at 23-27 Tudor St., London EC4, on Tuesday, 10th June, 1975 at 12 noon.

United Newspapers

FARMING AND RAW MATERIALS

NFU seeks subscription increase

By Peter Bullen

MORE THAN 120,000 members of the National Farmers' Union are to be asked to pay a higher subscription.

The NFU Council was told yesterday that the union was facing a deficit of £650,000 this year because of inflation and it was suggested that present subscriptions of £8 to £13 basic rate plus 1p an acre be increased to £15 basic and 20p an acre with equivalent adjustments for specialist groups.

Colonel H. J. Wilson, the NFU honorary treasurer, said: "We regret the increase but it is unavoidable." He denied reports that the need to raise subscriptions was in any way related to the NFU Development Trust's bid for the FMC company. "This is utterly untrue," he said.

The union's 29 county branches will have two months to consider the new subscription rates and comment on them. Under the new subscriptions and before tax relief a farmer with 50 acres will pay £25 a year; 100 acres £35; 500 acres £115; and 5,000 acres £630 a year.

Philippines deny copra surplus reports

MANILA, May 15.

THE PHILIPPINE Coconut Authority (PCA) said the country is not building up an exportable surplus of copra and coconut oil, reports Reuter.

In response to London market rumours of such a build up, a PCA spokesman told Reuters there was no such thing as a surplus of copra and coconut oil being stockpiled in the Philippines.

PCA statistics showed Philippine copra exports in April this year totalled 32,264 long tons while crude coconut oil exports amounted to 51,362 tons.

S. AFRICA MAIZE CROP FORECAST

PRETORIA, May 15.

SOUTH AFRICA'S 1974-75 maize crop is now estimated at 10,565,000 tonnes against a previous forecast of 10,563,000 tonnes and production last year of 11.1m. tonnes, the Department of Agriculture said.

Figures for grain sorghum are 379,000 tonnes, 596,000 tonnes and 635,000 tonnes respectively. Estimates are based on conditions at end-April.

Reuter

Warning against too rapid rise in wool prices

BY OUR COMMODITIES STAFF

SENATOR KEN WRIEDT, Australian Minister for Agriculture, warned yesterday that there was a *danger of wool prices rising too rapidly.*

He told the Senate in Canberra that the Australian Wool Corporation should feed available supplies to the market in a manner which will keep prices from climbing too high, too quickly.

The purpose of the AWC's activities over the last 12 months has been to ensure that prices do not go through the floor. The task now is to ensure that prices *do not go through the ceiling,* he stressed.

Over the past month wool prices have firmed at wool auctions throughout Australia as Japan and other countries have started to buy big quantities of wool. The market indicator, the 21 micron clean price, *now stands at 274 cents a* kilo, 24 cents above the AWC's floor price. In line with the firmer markets in Australia and other wool producing countries, the Bradford wooltops 64s price has risen from 174p to 197p a kilo since early April.

From Sydney Michael Southern writes: The much sought for signs of a recovery in the Australian wool market have begun to consolidate themselves *in recent weeks, and particularly* so in sales conducted over the last two weeks.

An important sign is that the AWC, which for most of the season has acquired well over 50 per cent. of the offering, has now become a net seller, and its *participation in recent sales has* been that of a buyer of 2 per cent. or less of the offerings.

Figures released by the National Council of Wool Selling Brokers show that the clip for the 1974-75 season, 3.7m. bales, is well ahead of the 3.1m. stated at the end of April in the previous season.

More wool has actually been sold so far this season—3.4m. bales as against 2.8m. at the end of April last year. According to the Council, there are 843,504 bales now in store, unsold. At the end of April last year, there were 575,910.

This figure is interesting in that for the first time this season the wool in store figures have begun to come close to the comparative period of last year. *In previous months there has* been a much greater amount in store this season when compared to the last.

But the proceeds from sales are still down. In the period to the end of April, total proceeds were $A654.7m. against $A792.8m. in the comparable period of 1974. The average price per kilo this season has been 126.96 cents, against 191.38 cents last season.

The Council's statistics also show how significant an upturn in sales took place during April when 460,873 bales were sold compared with 110,547 bales in April last year. Total proceeds this April were $A87m., against $A23m. in April 1974.

In the light of Mr. A. Maiden, AWC chairman's speech in Brisbane last week in which he predicted heavy Japanese buying for the rest of the season, the main reason for the upturn becomes clear. Mr. Maiden said the Japanese would end this season by taking a total of around 1m. bales.

Wool men are particularly encouraged by the steady price rise instead of the sharp upturn experienced last year which *suddenly gave way when buyers* withdrew from the market.

Meanwhile, in Canberra, the proposal by the Australian Wool Corporation to acquire the whole of the clip and arrange for orderly marketing to reduce price fluctuations has come under serious questioning in an *interdepartmental committee* report to the Government.

The report is to be considered by Agriculture Minister Senator Ken Wreidt and the Cabinet, in conjunction with the decision on the reserve price to be adopted by the Corporation for the next season. Senator Wreidt has recommended 250 cents a kilo—no change.

Dissention is understood to exist on the proposal that total acquisition would reduce price fluctuations, and also on the capacity of the Corporation to operate a successful supply management scheme.

Easing in world sugar market

BY OUR COMMODITIES STAFF

WORLD SUGAR prices fell back yesterday, encouraged by the steadier tone in sterling and the easing of tension in the Far East. The October position on the London terminal market, which had climbed to around £187 a ton in after hours dealings on Wednesday, closed yesterday at *£173.25 a ton, £10 down on* Wednesday's closing level. In the morning the London daily sugar price was fixed at £180 a ton, unchanged.

A steadying influence was provided by reports that Libya had bought 10,000 tonnes of white sugar at $525 a tonne.

In Brussels, meanwhile, informed sources said latest national estimates show record EEC sugar beet plantings of 1,786,000 hectares against the February estimate of 1,730,000 hectares and last season's 1,560,000 hectares. Though this might at first sight seem a "bearish" factor a London sugar dealer warned last night that it would be easy to over estimate its significance. He said the bad condition of the soil in some sugar growing areas meant that it was difficult to judge the likely outturn of the crop in sugar terms because yields might be disappointing.

Trinidad and Tobago has supplied 14,100 tons of sugar to Britain under the terms of the Lomé convention so far this year despite a strike which crippled the sugar industry for six weeks, writes our correspondent in Port of Spain. The country is committed to supplying 58,000 tons by June 30 and sugar industry sources here believe that will be met. Total production by the end of the reaping season in *late-June is expected to be* 132,000 tons, only 57.9 per cent. of the 228,000 ton pre-strike production estimate for 1975.

Elsewhere on the supply front Brazil has set its authorised target for the 1975-76 cane sugar harvest at 129m. bags, about 11 per cent. more than last year's actual harvest of 115m, writes our Rio de Janeiro correspondent.

At the same time export figures from the world's largest producer showed a sharp increase in April after a gradual decline in volume since the beginning of last year.

According to the sugar and alcohol institute, Brazil exported 238,000 tonnes of sugar last month against 89,000 in April, 1974, which left exports so far this year 16 per cent. above the *volume of a year ago.*

In Madrid, meanwhile, industry sources said Spanish sugar production could reach around *900,000 tonnes this year against* estimated 1974-75 output of 585,000 tonnes, reports Reuter. This would halve import needs which in 1974-75 were around 800,000 tonnes, they said.

Drop in metal prices

By Our Commodities Staff

THERE WAS a general decline in prices on the London Metal Exchange yesterday following the easing in tension in Cambodia.

Cash copper wirebars closed £6.75 down at £544.25 a tonne in line with the expected tone in New York where the market opened two hours late because of computer troubles.

The Malaysian Straits price for tin was unchanged at $M935 picul. It was thought that the buffer stock was buying in Penang but in London there was no indication of buffer stock support and the cash price for standard tin closed £8.5 down at £2,978.5 a tonne.

However, there was believed to be some buying on behalf of producers in the lead and zinc markets in the morning but in the absence of any similar support in the afternoon prices eased and cash lead closed at £191.75 a tonne, down £2.75, and cash zinc at £319.5, 75p down.

The Far East news also led to a fall in prices on some soft commodity markets in London and in the U.S. but a late rally on the London terminal coffee market brought July Robustas to £425.75 a tonne, up £7 on the day.

Fishermen to lobby MPs on herring quotas

Financial Times Reporter

SCOTTISH HERRING fishermen, worried about the future, are to travel to London next Tuesday to lobby MPs.

They hope to see Mr. Hugh Brown, a *junior minister in the* Scottish Office, to press the Government to take a strong stand at the North East Atlantic *fisheries conference which opens* in London the following day.

Mr. Douglas Henderson, Scottish Nationalist MP for East Aberdeenshire, many of whose constituents are fishermen, said they wanted the British share of the West Coast quota raised from 46 per cent. to 80 per cent. as a conservation measure.

The fishermen also wanted a four-month standstill on fishing for everyone, including them*selves, from July to October.* This would be an opportunity to allow an increase in stocks. If it was not agreed, the quotas could turn out to be academic, Mr. Henderson said.

U.K. AGRICULTURE

Spring—the time of deepest anxiety

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MANY winter weat fields in the district suddenly turned yellow in the top leaves last week-end, and by Monday most farmers were convinced that the danger of an attack of rust, of which they had been repeatedly warned, had in fact come about. Rust has the effect of killing off the plant's foliage and so reducing yields. There have been several bad attacks in recent years and these had affected two different varieties, but all wheats are at risk. Every now and then a strain which has been resistant, suddenly succumbs to a mutation of the fungus.

I was not entirely convinced, although the symptoms were bad enough. My experience has been that rust really does the damage *when the plant is much more* mature although the infection may well be present at an earlier stage. In any case by Tuesday one of the spray firms' advisers, who said that his 'phone had not stopped ringing for three days, pronounced that it was not rust. As he would have been *selling the chemical to remedy* the situation if it had been rust we felt that he was probably right.

At risk

The general consensus now is that the very strong winds in the early part of last week had damaged the leaf structure in some way and caused the discoloration. The fields are *regaining their healthy* darkgreen look and its possible to treat the whole thing as a false alarm.

But to the cereal grower the whole of the spring can be a period of the deepest anxiety. The young seeds planted from February onwards are at considerable risk as soon as they germinate and show in the drill. It either rains too much and they rot from waterlogging, or it's too dry and they wither away, or they succumb to the attacks of wire worms or leather jackets.

A growing crop is just as much at risk from checks in growth as any young animal, with the additional complication that you cannot do as much about putting the trouble right. You can feed and shelter young stock and see an immediate response. But if you put fertiliser on to stimulate a weak plant nothing will happen until it rains and the weather warms up. The weaker the plants' vitality the fewer will reach maturity.

Little growth

The same unreliability of the weather affects the value of the various hormone weed sprays and fungicides we now have available. Good spraying weather *demands a dry almost windless* day, and preferably warm weather. It also requires that the crop or the weeds are at the most suitable stage. Several fields were ready for a hormone spraying early last week, but the wind would have made it impossible without wiping out half the gardens *in the district.* Once the wind had died down it started to rain intermittently, which meant the spray would be washed off.

This spring the worst affected of my crops were barley fields sown in the gaps in the bad weather in February and March. These had germinated late and made very little growth during the cold and dreary five weeks which persisted until April 12.

During this time numbers of the plants died from a variety of causes and gaps began to appear in the rows. This is not really *serious, as most grain crops are* sown far too thickly. But it was very depressing to drive over the field, as I do at least twice a week and see fewer plants there than the time before. In good growing conditions even thin rows will thicken up to make a good crop, but in bad conditions, such as existed until last weekend, I began to wonder if the crop would ever thicken up at all. And of course if there is too much of a gap, nothing but weeds will grow.

In the event I re-sowed part of one field, and should have treated some of the others in the same way. But by this time it was about April 20, and the cuckoo was *loud in the land.* It's generally believed that any cereals planted with the cuckoo rampant are a waste of time. This will probably have to be disregarded this time, as a lot of barley was still being planted on the heavy land when I was in the Midlands last week-end, and *I hear the same tale from other* areas.

How much this will damage harvest prospects it is impossible to forecast. A farmer's views are very subjective, and my natural pessimism is aggravated by spending too much time looking at my own crops. My wheat has lost quite a lot of plant and did not tiller well either so is unlikely to yield as well as last year.

Acreage down

Nationally the acreage is expected to be substantially down. Barley has taken a pounding, particularly in the south. But its not too late for it to stage a recovery. After all last June, after the drought, I would have sold my entire acreage for a ton an acre. In the event I harvested almost double. Even pessimists can be proved wrong sometimes! But it's unlikely that we would be lucky twice.

U.S. silver output down

WASHINGTON, May 15.

DOMESTIC U.S. silver consumption in the first quarter of this year was estimated at 33m. ounces, 10 per cent. below the last quarter of 1974 and down 40 per cent. from the high consumption of the first 1974 quarter, Mr. Robert Wilson, president of the Silver Users' Association, said.

Reuter

Bangladesh food aid

WASHINGTON, May 15.

THE U.S. Agriculture attache in Dacca reports that Bangladesh plans to request 800,000 tonnes of U.S. wheat and 200,000 tonnes of rice under the long-term credit (title one) portion of the new fiscal 1976 PL480 aid programme starting July 1, U.S. Department of Agriculture (USDA) sources said.

This year Bangladesh emerged as the second largest recipient of U.S. food grains under the PL480 programme. It is being supplied with 550,000 tonnes of wheat and 300,000 tonnes of rice.

The USDA budgetted to spend nearly $962m. for the title one section of the fiscal 1976 PL480 programme, about $122m. less than authorised this year.

However, lower prices of wheat and rice are expected to permit larger quantities to be shipped out for less cost.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Turned easier on the London Metal Exchange. The apparent lessening of tension in the Far Eastern situation prompted profit-taking and trade selling. Forward metal opened at £571 in pre-market dealings but declined steadily throughout the day to end at £563 on the afternoon Kerb. The afternoon market here was less active than normal owing to computer difficulties which delayed the opening of Comex by two hours. Turnover, 12,650 tonnes.

[illegible]

TIN—Closed lower. As with copper, prices gave ground following the easing of the tension between the U.S. and Cambodia coupled with the firmer tone of sterling and hedge selling. Although it was not thought that there had been any buying on behalf of the buffer stock here, it was believed that the Penang market was supported on behalf of that quarter. Turnover, 790 tonnes.

[illegible]

LEAD—[illegible]

ZINC—[illegible]

COCOA

[illegible]

COFFEE

[illegible]

SILVER

[illegible]

RUBBER

[illegible]

FREIGHTS

[illegible]

GRAINS

[illegible]

COTTON

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	May 15 1975	+ or —	Month ago
Sisal EA3L (z)	$650		$650
Sugar	£180		£255
Wooltops 64s...kilo	197p	+4.0	180p
Cloves (Madagaska)	£2,550		£2,590
Pepper White...ton	£955		£985
Black...ton	£685		£670

* Nominal. † Seller. § Unofficial close. ¢ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. x Seller's quotation. h January. k Jan.-Feb. u Metric tons r Jan.-March. v February. s Feb.-March. t Nov. q May-June. w Nov.-Jan.

INDICES

FINANCIAL TIMES

May 15	May 14	Month ago	Year ago
162.14	163.01	166.90	217.17

(Base: July 1, 1952=100)

REUTER'S

May 15	May 14	Month ago	Year ago
1076.5	1077.8	1095.0	1351.4

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	May 15	May 14	Month ago	Year ago
Spot	274.54	280.54	340.94	340.95
Futures	252.07	264.76	283.94	300.27

(Average 1924-25-26=100)

MOODY'S

Moody's	May 15	May 14	Month ago	Year ago
Sple Commdty	729.1	735.5	745.1	711.8

(Dec. 31, 1931=100)

U.S. Markets

Copper and silver close lower

SILVER declined sharply on commission house selling. Copper closed sharply lower on trade selling. Chicago grains closed mixed to lower on improved planting conditions and stabilisation of South-East Asia condition. Cocoa drifted slightly lower on featureless trading. Sugar market drifted slightly lower on quiet trading, Bache reports.

Cocoa—Ghana spot 59½ (60½). Bahia spot 53½ (53½). May 51.10 (51.75), July 46.60 (46.95), Sept. 45.30, Dec. 45.80, March 45.90, May 46.10 nom., July 46.40, Sept. nil. Sales: 646.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract: May 49.00-49.00 bid (49.00-49.50 bid), July 50.75-50.80 (50.75), Sept. 52.90, Nov. 53.75 bid, Dec. 53.60-54.00 bid, March 54.75, May 55.20-55.25 bid. Sales: 193 (340).

Copper—May 55.00 (56.10), June 56.10 (56.20), July 55.60, Sept. 56.70 settlements. Sales: 1,460 lots.

Cotton—July 43.01 (51.00), (44.93) Oct. 46.35 (46.20), Dec. 47.15-47.22, March 48.00, May 48.65 bid, July 49.33 bid, Oct. 49.50 bid. Sales: 3,030.

¢Gold—May 166.20 (168.60), June 163.90 (169.30), Aug. 166.50, Oct. 166.00, Dec. 170.10, Feb. 172.30, April 174.50, June 176.70, Aug. 178.90. Sales: 380.

Greasewool—Spot 153.0 nom. (same). July 132.0-142.0 (132.0). Oct. 137.0-145.0, Dec. 141.0-145.0, March 141.0-149.0, May 142.0-149.0, July 142.0-145.0, Oct. 142.0.

†Lard—Chicago loose 24 asked (same). NY drummed 30 nom. (same).

††Maize—May 275-275¼ (280), July 271-271½ (275-255½), Sept. 258-258½, Dec. 244½-244½, March 250½-249½, May 253.

‡Platinum—July 151.90 (154.20), Oct. 155.20 (157.50), Jan. 155.50, April 162.30, July 165.60, Oct. 167.50. Sales: 501.

Silver—May 442.40 (458.20), June 443.30 (459.70), July 446.50, Sept. 452.60, Dec. 462.00, Jan. 464.50, March 471.00, May 477.00, July 483.00, Sept. 489.00.

Soyabeans—May 522 (532), July 509¼-505½ (519½), Aug. 507½-503½, Sept. 496-497, Nov. 496-497, Jan. 503, March 511, May 517, July 523, Aug. 525.

hSoyabean Meal—May 120.00-119.50 (123.00), July 120.20-120.00 (122.00), Aug. 122.50-123.00, Oct. 123.5 bid, Dec. 126.50, Jan. 100.00, March 131.50-131.00.

Soyabean Oil—May 22.75-22.55 (22.50), July 22.25-22.30 (22.15), Aug. 21.30, Sept. 21.30-21.35, Oct. 20.40-20.50, Dec. 19.90-20.63, Jan. 19.40-19.50, March 19.00, May 18.60-18.80 bid, July 18.15

Sugar—July 16.50-16.47 (16.65), Sept. 16.20-16.25 (16.50), Oct. 16.20-16.15, Jan. 15.48 nom. March 15.45-15.00, May 15.27 nom., July 15.00 Sept. 14.75, Oct. 14.70-14.85. Sales: 1,923 (2,670).

Tin—320.00-364.00 (324.00-362.00).

**Wheat—May 315 (320), July 314½-315 (313-314), Sept. 314½-315, Dec. 323-323½, March 330.

WINNIPEG, May 15. ††Rye—May 217½ (219½ bid), July 219 (221 bid), Oct. 211½, Dec. 209 nom.

rOats—May 164½ bid (164½) July 159½ asked (156½ bid), Oct. 158 asked, Dec. 153 nom.

§Barley—May 236 (237), July 228 asked (227½ asked), Oct. 214 asked, Dec. 211 nom.

dFlaxseed—May 850 (870), July 847 asked (865), Oct. 824 bid, Nov. 823 asked, Dec. 790 bid.

Wheat—SCWR 13.5 per cent. protein content St. Lawrence 499½ (496½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. ¢ $ per troy ounce—100 ounce lots. † Chicago loose $'s per 100 lbs — Dept. of Ag. prices previous day. Drummed $'s per 10 lbs f.o.b. NY. ‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. r Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

COMPANY NOTICES

EXCHEM HOLDINGS LIMITED
(formerly Explosives and Chemical Products Limited)

NOTICE IS HEREBY GIVEN that a DIVIDEND for the year ended 30th September, 1974, of 1.4224p per ORDINARY SHARE of 50p has been declared payable on the ORDINARY SHARE CAPITAL of the Company.

The dividend is payable in London on and after 15th May, 1975, and holders of SHARE WARRANTS to BEARER should lodge coupon No. 63 for payment through an Authorised Depositary at the office of the Secretaries, 75-76, LITTLE BRITAIN, LONDON, EC1A 7JR. Listing forms for this purpose are obtainable from the Secretaries.

NOTICE IS ALSO HEREBY GIVEN that all SHARE WARRANTS to BEARER in issue are to be exchanged for ORDINARY SHARES in registered form. For this purpose, SHARE WARRANTS to BEARER in their entirety should be lodged, through an Authorised Depositary, with the Secretaries accompanied by a form of application for registered shares, copies of which may be obtained from the Secretaries. No further dividends will be paid on warrants to bearer after coupon No. 63 has been encashed.

By Order of the Board.
W. R. STENTIFORD & CO.,
Secretaries.

Registered Office:
31-35 Wilson Street,
[illegible]

BAYER AKTIENGESELLSCHAFT

The Ordinary General Meeting of Bayer Aktiengesellschaft will be held on 25th June, 1975 at Cologne. Payment of a 17% Dividend for the year ended 1974 will be proposed.

It is also proposed that the Board of Management shall, with consent of the Supervisory Board, be authorised to increase the share capital of the Company by a maximum of DM 300 million nominal amount. This will enable the Company to do so by way of a Rights Issue, should economic conditions be favourable.

It will be further [illegible] the Articles of the Company so that not more than 5% of the Ordinary Share Capital can be voted by one party.

Copies of the Company's Annual Report for 1974 in German will be available from Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort Benson Limited and S. G. Warburg & Co. Ltd. The report in English is in course of preparation.

United Kingdom Shareholders who wish to attend and vote at the Ordinary General Meeting should by 20th June, 1975, inform S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London, EC2P 2DL, who will make the necessary arrangements on their behalf.

15th May, 1975.

FINANCIAL TIMES REPORT
Friday May 16 1975

LOCAL AUTHORITY FINANCE

Recent swingeing rates increases have caused a public outcry. Inflation and high interest rates are immediate causes, but the real problem lies deeper—in relations between local and central government.

Some lack of logic

NEVER HAS the old saying about taxes being paid in sorrow while rates are paid in anger seemed more apposite. Ratepayers throughout the country complain bitterly about the huge increases they have had to pay in the last couple of years. Yet they are not the only ones to be gravely dissatisfied with the present system of local government finance.

Ministers have been talking openly about local government spending running out of control. Local councillors and officials, for their part, say that no one truly understands the crippling burdens that inflation and rising interest rates have put on local finances. Above all, they complain with real bitterness about the inconsistency of Government and Parliament always piling more and more duties upon local councils yet, at the same time, telling them to restrain their total spending.

Perhaps the one comment on which everyone would agree is that this all underlines the foolishness of the decision to exclude the financing of local government from the re-consideration of its structure which began with the appointment of the Redcliffe-Maud commission nine years ago and ended with the inauguration of the new two-tier system of local government in England and Wales a year ago and in Scotland to-day.

Indeed the omission seems remarkable when one considers just how far the role and activities of local government have been changed over the years. At one time the system had a neat logic with its own built-in system of checks and balances. The cost of local services would be paid for solely by the local community. Since these services were largely intended to benefit property owners and since property ownership was the best available evidence of ability to pay, the cost would be met out of rates levied on property. And those who so contributed through the local rate should have a say, through the local vote in overseeing how the money was spent.

This system, alas, has long since disappeared. Government grants to local authorities began in the 1840s and have been paid on a systematic and increasing scale ever since the 1870s. There are now far better measures of taxable capacity—all, it must be added, duly appropriated by the central Exchequer. The services local authorities provide are intended to benefit all sections of the community in one way or another. And the link between the local vote and the local rate went in the 1940s.

Nowadays two-thirds of local government's net revenue spending is financed by central Government out of taxation, and two-thirds of all local capital spending is usually financed by loans drawn from or approved by the central Government. At the same time, central Government has assumed overall responsibility for demand management and is charged under various Acts of Parliament with overall responsibility for the provision of major public services. Yet local authorities also have primary powers, drawn directly from Parliament, and are required to provide services locally for which Ministers have national responsibility.

In other words, the constitutional position is that local government in this country is autonomous, yet in practice this autonomy comes increasingly into conflict with central government's own responsibilities—for demand management, for the provision of major public services, and for the provision of financial support to local government.

At one time the conflict was fairly marginal. This was true even for a while after central government assumed responsibility for overall demand management in 1944. But the growing scale and range of local authority activities has made the conflict much more acute.

Services

Up to a point it is only natural that the role of local government should increase. As a society becomes more affluent it is likely to spend on increasing share of its extra income upon services rather than goods, and an increasing proportion of this proportionately greater expenditure on services is likely to be spent on the kind of services for which local authorities are responsible. The same trend can be seen in other advanced industrialised nations. It has led to similar financial strains in those countries which also have a comparable unitary structure and to a similar erosion of local autonomy.

The issue therefore is not so much whether the role of local government ought to increase but how fast and—in the political arena—in what way. According to the available evidence, local government expenditure has been growing as a proportion of the total national income for well over a century. But the pace has quickened in recent years.

At the turn of the century local expenditure on current and capital account probably accounted for about 5-6 per cent. of the Gross National Product. By the mid-1950s—despite the loss of certain activities like gas and electricity supply—the proportion had increased to about 10 per cent. By the mid-1960s it had reached 13-14 per cent. and this year the figure will almost certainly be over 18 per cent.

In the last couple of decades, local spending has been rising about twice as fast as the national income and in the last three years, when local current spending has been growing by about 9 per cent. a year in real terms, the rate of increase has been about three times that of the national income. Local spending has also been growing as a proportion of total governmental spending, local and central. Since the mid-1950s it has increased from barely a quarter to well over 40 per cent.

This accelerating trend has inevitably led to more and more local spending being financed out of general taxation. Successive governments have generally aimed to hold household rates to a more or less constant proportion (about 2 per cent.) of total consumer incomes. Since local current spending is rising faster than consumer incomes, this aim can only be realised by stepping up the proportion of local spending which is financed by government grants. And the bigger the percentage total government grant, the more important it becomes to ensure that the grant distribution is fair as between individual authorities and the greater the burden upon local rate calls of any excess spending over and above the figure set for the purposes of calculating Government grant.

Both of these points have had a lot to do with the recent increases — and the wide range of local variations—in rates calls. A year ago, when the grant distribution formulae were brought closer into line with ideas of equity, many urban authorities received more and many rural and surburban authorities received less. With grants covering anything between 40 per cent. and 80 per cent. of an individual authority's net current spending, the gearing effect of the change in grant distribution on the rate-borne part of the council's spending can be considerable.

A rate of real growth in local spending higher than that assumed for rate support grant purposes has the same effect. For example, a 5 per cent. overrun when Government grants are financing 60 per cent. of local spending will result in a 12½ per cent. increase in rate-borne spending and thus, other things being equal, in a 12½ per cent. increase in the local rate call.

Wage costs

These difficulties are exacerbated when inflation is running at to-day's rate and when interest rates are historically high. Local government is highly susceptible to inflation. About two-thirds of all current spending goes on wage costs and in the last year or so total costs in local government have been increasing about twice as fast as prices generally.

It is possible to hold household rates to a constant proportion of consumer incomes at a time when local government costs are rising faster than consumer prices and local real spending is rising faster than real consumer incomes only by stepping up the total percentage Government grant. This year it was raised from 60½ per cent. to 66½ per cent. of local net revenue spending for grant purposes.

Thus rapid inflation pushes up the ratio of government grants to local rate revenue and increases the strain that a high grants-rates gearing has upon local authorities' finances and their relations with the centre. It also adds considerably to the problems of budget making and expenditure forecasting by local authorities. The higher the rate of inflation, the greater is the difficulty of estimating in advance a year's spending in current price terms and the greater will be the penalty in terms of the following yea[r's] rate call — of underestimatin[g].

Although grant payments [are] adjusted retroactively in light of actual cost trends, t[his] is at present done only at monthly intervals, which me[ans] that local authorities have [to] finance the rise in their co[sts] in the meantime. L[ocal] treasurers are expected, on t[he] other hand, to allow for inflat[ion] when each year's budget [is] drawn up and the rate call [for] that year is decided. If th[e] estimate of inflation is too l[ow] — and the council's work[ing] balances are an insuffic[ient] cushion — then the council w[ill] run into deficit and that def[icit] will have to be made good [out] of next year's rate call.

High interest rates [add] further to the strain. It is [true] that interest rates have co[me] off the peak. But local auth[ori]ties tend to borrow short [and] invest long. Their borrowi[ngs] (with one or two exceptio[ns]) are not marked to specific p[ro]jects; they are pooled and [the] committee to which an adva[nce] has been made out of [the] authority's consolidated lo[ans] fund must repay the loan to [the] fund by annual instalments [over] a period which may run to [60] years or even, in the case [of] housing, to 80 years. But loans actually raised by the c[on]solidated loans fund, far fr[om] being related to these perio[ds,] tend to be much shorter. [The] greater part will be for [5] years or less and many wil[l be] loans of 12 months or unde[r].

Local authorities are [also] highly vulnerable to a s[us]tained upswing in interest ra[tes,] although by the same to[ken] they will eventually ben[efit] when interest rates decline [and] remain down. But [local] authorities now have o[ver] £20bn. of outstanding loan de[bt]. The impact of the upturn [in] prevailing rates in the last t[wo] to three years has thus be[en] appreciable. Although inter[est] charges count as relev[ant] expenditure for grant purpo[ses] and although grant payme[nts] are adjusted retroactively [in] line with cost increases, t[he] impact on rate-borne spendi[ng] still has to be reckoned w[ith].

Colin Jon[es]

Waiting for Layfield

WHATEVER else may be said about the recent reorganisation of local government, it is here to stay and we have to make the best of it. The new two-tier structure of local authorities which, from to-day, will operate throughout the whole country (apart from three small Scottish islands, where all-purpose authorities have been set up, and Northern Ireland) may or may not have been well-conceived. But the decision having been made and reorganisation having taken place, it is clear that any further major change is out of the question, certainly for the immediately foreseeable future.

This inevitably puts a major constraint upon the review of local government finance which the Layfield committee is now conducting. Although the terms of reference given to the committee when it was set up last year made it clear that the committee could look into any and every aspect of the present system of financing, in practice the committee does not have a totally free hand. It will have to draw up its major recommendations within the context of the new structure of local government.

Financial considerations might well indicate some alternative structure or at least some substantial changes. For example, if the committee were to decide that a local income tax or a locally varied surcharge on national income tax payments might have attractions either as a supplement to local government's existing tax base or even perhaps as a replacement for the rating system, then it could well come to the view that a reduction in the number of upper-tier authorities or even some redistribution of functions as between the two tiers would help ease the administrative implications of such a change. But this is now out of the question, at least until the new structure has had a reasonable chance of settling down. Until then any charges to the present system of local government finance will have to be grafted on to the present pattern of authorities and functions.

Indeed, the problem could go deeper. For the fundamental question facing the committee, which some of the evidence has recognised, concerns the constitutional relationship between local government and central government. Should local authorities be merely the agents of central government or should they be autonomous entities, balancing the priorities in local needs with the resources available to them and answerable to the local community? Only when this basic question has been answered can one start defining the appropriate financial relationship between local and central government. Only when this basic issue has been resolved, can one form a judgment about what kind of locally controlled local tax base—if any—local authorities should possess.

Local authorities are at present supposed to be autonomous. But, despite all the lip-service that has been paid by successive governments to the idea of local autonomy and despite the recent trend towards a wider "administrative" freedom for local authorities (for example, in the shift from specific to block grants and in the removal of the more pettifogging type of central control), the margin of discretion left to local authorities is very circumscribed. The common estimate by many local authorities is that as much as four-fifths of their spending is determined by Acts of Parliament and by Ministerial circulars and regulations issued in elaboration of these statutes, leaving only about one-fifth as resulting from the exercise of local discretion and choice.

It particularly irks local councillors and officials that they should be pilloried for "extravagant" spending and for their blindness to the need for financial restraint—as they now are—at a time when Parliament is still churning out volume after volume of new statutory duties and requirements which can be implemented only by recruiting additional staff and assuming additional spending commitments.

Local authorities are also frustrated by a system in which public expenditure forecasts are drawn up—and adjusted when economic circumstances require—without any attempt to plug into the process local experiences and local assessments of priorities. The new consultative Council of Ministers councillors and officials may go some way towards repairing this deficiency. But central demand management is bound to cut across the idea of local autonomy and the departmentalisation of services within Whitehall inevitably conflicts with the growing trend within local government of assessing priorities and aims on the basis of a comprehensive programme covering more than one service.

It is only when these issues have been resolved that one can decide whether local government should retain its own independent tax base and, if so, of what kind. It may be that one should recognise reality by making local authorities the agents of central government for certain services which would accordingly be financed predominantly or entirely by means of grants, and that local tax revenues should be used to finance the remaining margin of discretionary expenditure. It may be that an improved rating system might be the best way of financing that margin. On the other hand, neither of these ideas might be the best solution. But these matters can only be decided when the more fundamental issues of local government's role have been settled.

Colin Jones

Small savers can help

THE U.K. finances itself at two levels, central and local. There is, at the same time, a National Savings Movement backed by both central and local government. And then there are savings facilities offered by *local authorities independently of* the central Government.

The collecting of small savings, by local or central governments, fills two purposes. On the one hand it helps to meet government expenditure, on the other it provides a means of investment to the saver.

The National Savings Movement has been running through a period in which it has been better inclined towards the financing of the central government debt than towards the providing of investment opportunities to the small saver. Given the rate of inflation and the inflexibility of the terms offered on National Savings securities, it may be argued that the National Savings movement lies in default of its prime purpose—that of caring for the small saver, rather than for the financing of the Exchequer deficit.

The local authority has been in large measure making good any National Savings default. This is because the rates of interest that it offers have been following, at least broadly, the *course of interest rates in the* money market at large.

The *failure of* the National Savings movement to keep up with the general trend in interest rates is reflected by the fact that its preliminary return for March showed a net saving of some £46m. while the building societies' returns *for April* showed a record net saving of some £350m.

The returns offered to smaller savers by the National Savings movement are for the most part set by the central Government, and are subject to infrequent changes. There is one field in which the *movement offers flexible* rates—that of the Government security available on a special register at a relatively cheap charge (for administration). But Government stocks by their nature tend to have relatively long periods to run to maturity. And, the highest National Savings security returns tend to be geared to medium-term investment (four years or so).

The local authority, on the other hand, offers a range of investment periods varying *from a few days (in a few cases) to a few years.*

It is true that local authorities do not generally borrow from the small investor for less than *a year (though some authorities* do). It is also true that local authorities commonly require a certain minimum investment (which may be £50 or may be £500). And it is true that the higher the minimum amount the greater tends to be the interest offered.

There is, *however*, one field in which the marriage of amount and rate tends to bring about an unusually favourable situation for the small investor. This is the field of the *local* authority negotiable bond.

There are two kinds of local authority bond, that which may be called the "over the counter" type and that which is negotiable in the money market.

Invention

The negotiable bond was an invention of 1964. It is marketed in minimum amounts of £1,000 and is a favourite investment of such a powerful group of financial institutions as the Discount houses. The Discount houses and other financial bodies ensure that there is a relatively active market in such bonds. The engagement of the financial institutions also ensures that the rate of interest on the bonds moves in close line with institutional money market rates in general.

This week, for instance, one-year local authority bonds were placed at a yield of 12¾ per cent. The highest yielding National Savings Security (the contractual savings schemes and projected index-linked schemes apart) is the Savings Certificate offering some 11.09 per cent., grossed-up for tax if held for four years.

The attraction of the negotiable local authority bond is apparent if only the interest rate is studied. The curiosity of the bond is that through it the small investor has access to institutional rates of interest.

The yield on the bond is geared closely to the yield on sterling certificates of deposit. Sterling certificates are marketed in minimum amounts of £50,000. Treasury bills, to take *a lower yielding security*, are taken up by tender in minimum amounts of £50,000 (though they may be bought and sold subsequently in smaller *amounts*).

The small saver has no access to the sterling certificate or the Treasury bill markets, by definition. Yet he has access to the local authority negotiable bond market. The bonds are issued weekly, and it is open to any saver with £1,000 to make an investment in them—at a return in line with that found by the large-scale money handlers.

Banks and stockbrokers are prepared to the making of such investments. The advantage of the negotiable bond to the small saver can be seen from the fact that while last week 12¾ per cent. was being offered on the negotiable bonds, a sample of "over the counter" bond rates showed (with a minimum of *investment of £1,000*) a return of 11½ per cent. to 12 per cent., over periods of two to five years.

For the small saver with less than £1,000 to invest the returns offered by local authorities may still be attractive, even if pale in comparison with the institutional money market rates offered *to the £1,000 man* through the negotiable bond.

A return of 12 per cent. on a minimum sum of £500, over three to five years is, after all, high in relation to the general run of National Savings yields.

The advantage of the negotiable bond, however, is not confined to its relatively high yield. *Its* negotiability is also an advantage to the saver.

The security of the bond is unquestionable (local authorities have, when all is said and done, their own money raising powers and access to borrowing facilities at the Public Works Loan Board).

The advantage of negotiability in a security is that—as it is normal for interest rates to be higher the longer the period of the investment, and as it is often uncertain when money invested will be required for another purpose—it allows a relatively high return *to be made*, while ensuring that the capital can be recovered readily.

While the local authority may be supplying a need left by the National Savings movement, it is, however, through its smaller-*scale borrowings helping to* meet one of its own pressing problems. This is the tendency for the average life of its debt to be squeezed downwards.

Local authorities have a total loan debt of over £20bn., and of this about £4bn. was borrowed initially for a period less than a year.

Record

The recent £75m., Greater London Council issue of 1982 stock was a record for a local authority, and it followed closely on the heels of several other local authority issues for much smaller sums But these issues followed a long gap.

At the same time, the local authority mortgage market has been highly restricted for *periods longer than a year or* so. The local authorities, admittedly, have access for a considerable part of their borrowing to the Public Works Loan Board.

They are left, however, with considerable sums to raise on the open market, and with the overall public sector borrowing *requirement projected for the* current financial year at a level of over £9bn. the scope for local authorities to raise longer-term funds on the open, institutional *market is limited.*

It is, perhaps, a fortunate thing at the moment that Public Works Loan Board funds are not ordinarily available to local authorities for periods of less than ten years — bad though such a restriction may be in a general way. It is unfortunate, at the same time that local *authorities do not have access* to the Public Works Loan Board for the whole of their borrowing requirement.

The reason why this is unfor*tunate is that the* central Government is able to borrow money more cheaply than is the local authority, and by borrowing on behalf of local authori*ties it would reduce the overall* tax-payer/rates-payer interest bill.

Given the need to borrow substantial amounts year by year in competition with the central Government, the savings opportunities offered by local authorities are not only a social service, they are an exercise in self-help.

Donald Maclean

Housing under pressure

WHILE THE ROLE which local councils play in the provision of home loans looks *insignificant* when compared with the performance of the building society *movement, it is an area* in which many authorities have become increasingly involved but in which, for the time being at least, any further progress seem likely to be extremely limited. Faced with an urgent need to trim spending programmes generally, housing is *coming in for some close* scrutiny and government pressure is being exerted to ensure that some areas escape the full force of the inevitable cut-backs at the expense of others.

Only last week Mr. Anthony Crosland, Secretary for the Environment, announced that *he was actually restoring most* of the cuts made in the municipalisation programme—the purchase by local authorities of privately owned flats and houses. The government is convinced that this programme is the best way of dealing with vital housing problems, despite *the present strain on* resources, and earlier reductions which brought the annual rate of expenditure on municipalisation down from about £400m. a year to £286m. have now almost entirely been made up.

The additional finance has, however, come entirely as a *result of a re-allocation of funds* from the local authority home loan programme, in the belief that building societies, currently enjoying an unprecedented level of success in attracting and lending out funds, will be able to make up the shortfall. While the soci*eties have been extremely care*ful not to appear unhelpful, they are hardly welcoming what some executives regard as "moral blackmail" on the Government's part.

Problems

If societies do eventually decide to help out—a meeting to discuss the position will be called soon—then there may well be considerable technical difficulties to be overcome. With some 400 local authorities now providing finance for home loans and a possible total of 40 *or more building societies tak*ing part in the scheme, there could be significant problems in co-ordinating demand and supply. Societies will have to decide whether to set up a central pool of money or a sorting office for individual applicants, or simply to suggest that *unlucky applicants should be* sent along to their offices by council departments.

So several problems in making up the shortfall in the local authority home loan programme may well arise and unless building societies do fill the breach—something which their present funds position should enable them to consider without too much heart-searching—councils will soon have an even greater than normal *number of disappointed appli*cants on their hands.

In a development which would well be repeated throughout the country, the London Borough of Redbridge this week announced that it has been forced to suspend its mortgage scheme, only a few days after it decided to introduce a £1m.-a-month quota. The council's action followed the Government proposals to limit local authority mortgage lending, which for Redbridge means a maximum of £6m. in the current year, a total which has already been well passed in *terms of outstanding commit*ments.

The government's proposals will naturally come as a severe blow to their mortgage finance facilities, which last year provided over 1,300 people with homes of their own against *fewer* than 400 in the previous 12 months.

On a wider basis, local *authorities have recently been* providing a growing proportion of all home loans—they financed about 7 per cent. of all mortgages in 1973 against only 3 per cent. on the previous year.

But although the service provided is basically the same *as that offered by a building* society, the financial rules under which authorities have to operate are rather different, largely because their financial structure itself is so different.

Authorities are first and foremost required to keep their lending activities for house purchase quite separate from their other accounts and the home loans business must not fall into deficit. If there is any risk of this happening, then the authority must increase rates charged.

Average

Because of the borrowing pool arrangements which local councils operate, the rate of interest charged to the home loans account is the average rate on all local authority borrowings and therefore the interest charge to home *loan* borrowers must reflect movements in that average rate. This structure explains how, when interest rates generally are falling, local authority lending rates can, if anything, actually rise.

In practice, there is a further complication in that although all local authorities have loans pooling arrangements they do not all charge to the home loans accounts the loans pool average rate. While they cannot charge below that rate, they can and do charge considerably more because they endeavour to match certain of their own longer term borrowings against the longer term commitments in which they involve themselves when lending out on house purchase.

Local councils cannot lend to any category of borrower but are restricted to providing mortgage finance *for defined* groups of priority borrowers, including the homeless, people who are high on a council's waiting list or those displaced by new developments. Other priority categories include applicants wishing to buy older property which would not *attract a "commercial" mort*gage and, since 1974, first-time purchasers of new homes.

A variety of low-start mortgage schemes, as well as the option mortgage alternative, are offered to meet the varying needs of applicants and it is because authorities are constantly bearing in mind their wider housing obligations that they are to some extent willing to take greater risks than building societies who have reason*ably well defined guidelines for* potential borrowers that are, nevertheless, stretched when finance is plentiful.

The provision of mortgage finance is, of course, only one small part of a local authority's overall housing responsibility and virtually every other area is faced with changes as the financial problems of local government increase. In a major about-turn on housing policy, Mr. Crosland recently warned of large forthcoming increases in council rents in order to try to balance the housing finance books and to *ease the burden on ratepayers.* It is believed that the Government expects councils to increase rents by about 12 per cent. this year, and possibly by as much as 30 per cent. in 1977.

Rents accounted for well over 70 per cent. of the income of housing revenue accounts in 1968 but this year the figure is down to only 55 per cent. (43.5 *per cent. if rent rebates are* taken into account). Some housing accounts are already virtually bankrupt but while new housing programmes have so far escaped expenditure cuts —the Government is anxious to see this situation maintained— it is a matter for conjecture as to how long this can continue.

One solution frequently advocated as a method of providing capital for housing activity is the sale of a proportion of existing council stock, but while such sales may have political significance they do not yield capital receipts because *building societies will not in* practice lend to finance council house purchase, tenants do not normally provide a substantial deposit and therefore the council has to advance the money from its own resources.

Local government housing finance generally is an area about which there is now, possibly more than ever before, a great deal of criticism. There are critics of local authorities and their ability to operate anything like effectively in the housing field, of the costs of building, improvement, repair and management, as well as critics of the subsidy system, rental policies and rising rent arrears. The present "urgent" re-examination of housing finance now being carried out by the Department of the Environment has clearly not come a moment too soon and may well shortly prove to have been too late.

Michael Cassell

APPOINTMENTS

APPOINTMENTS WANTED

COMPANY NOTICES

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS LIMITED

NOTICE TO HOLDERS OF BEARER WARRANTS

NOTICE IS HEREBY GIVEN to the holders of the Company's Ordinary Stock Warrants to Bearer that, following a resolution passed at the Annual General Meeting of the Company held on 15th May, 1975, a Final Dividend of 4.7785 per cent. on the Ordinary Stock of the Company for the year ended 31st December, 1974, will be paid upon presentation of COUPONS NO. 28.

Warrant holders who are employees of the Company or any of its subsidiary companies, should follow the instructions now being displayed on Company notice boards: warrant holders who are not employees must present their COUPONS No. 28 to the Company at the address shown below through an Authorised Depositary, e.g. Banker, Solicitor or Stockbroker, on or after 16th May, 1975.

By Order of the Board.
H. W. R. HAM, Secretary.

Portland House,
Stag Place
London, SW1E 5BJ.
16th May, 1975.

CURACAO DEPOSITARY RECEIPTS OF PIONEER ELECTRONIC CORPORATION

With reference to the advertisement published on 16th January, 1975, in respect of the 10% free share distribution, the undersigned, in its capacity of Agents of Caribbean Depositary Company N.V., announces that the shares underlying the not yet presented coupons No. 10 have been sold.

The proceeds will be payable at the office of the undersigned as from 13th May, 1975, to the effect that against surrender of coupon No. 10 of CDR's evidencing 5 Depositary Shares $19.90, CDR's evidencing 10 Depositary Shares $39.80, and CDR's evidencing 100 Depositary Shares $398.— is paid.

PIERSON, HELDRING & PIERSON.
Amsterdam.
12th May, 1975.

TAKEDA CHEMICAL INDUSTRIES LIMITED

Bearer Depositary Receipts representing Shares of Takeda Chemical Industries Limited.

Notice has been received that the 99th Ordinary General Meeting of the Shareholders of the above Company will be held in Osaka on Thursday 29th May 1975.

Takeda Chemical Industries Limited, has declared a dividend of Yen3.75 equivalent to Yen37.50 per Depositary Share. The Depositary will pay the equivalent proceeds in U.S. Dollars less taxes as applicable against presentation of Coupon No. 26.

Coupons will be accepted from Authorised Depositaries on and after 30th May 1975 and must be lodged two clear days prior to the payment.

MORGAN GUARANTY TRUST OF NEW YORK.
33, Lombard Street,
London EC3P 3BH.

BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the above Company will be CLOSED from 7th to 20th June 1975, both days inclusive.

By Order of the Board.
LIMEBEER & CO.
Secretaries.

Registered Office:
2, Broad Street Place,
London, EC2M 7EP.
14th May, 1975.

CORPORATION LOANS

BUSINESSES FOR SALE

BUSINESSES WANTED

HOTELS AND LICENSED PREMISES

PRODUCTION CAPACITY

COMPANY NOTICES (Corrected Notice)

UNILEVER N.V.

DIVIDEND ON CERTIFICATE FOR ORDINARY SHARES

Issued by

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

A final dividend in respect of the year 1974 of Fl.4.32 per Fl.20 nominal amount of Ordinary Capital of Unilever N.V. has been declared. This dividend is equivalent to the final dividend in respect of the year 1974 declared on the Ordinary Capital of Unilever Limited calculated in accordance with the Equalisation Agreement between the two companies.

A similar dividend will be paid to holders of the above Certificates on and after 23rd May, 1975 as follows:—

CERTIFICATES FOR SUB-SHARES OF FL.12 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED now MIDLAND BANK TRUST COMPANY LIMITED

The dividend is equivalent to Fl.2.592 per Sub-share and will be paid against Serial No. 94. Having regard to the relief from Dutch dividend tax given by certain Conventions concluded by the Netherlands for the avoidance of double taxation, the sterling amount payable per Sub-share is as follows:—

	Where the Sub-shareholder is a resident of:— The United Kingdom: and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands See Note (a)	The United Kingdom: and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands See Note (b)	Any Other Country and in all Other Cases: The net amount payable per Sub-Share to shareholders who produce an Inland Revenue affidavit of non-residence is shown according to the rate of Dutch dividend tax deducted—See Note (c)		
	pence	pence	pence	pence	pence
Sterling equivalent of Fl.2.592 (Converted at Fl.5.5025 = £1)	47.1059	47.1059	47.1059	47.1059	47.1059
Less Dutch dividend tax (25%) Fl.0.648 (15%) Fl.0.3888 Per Sub-Share	11.7765 (25%)	7.0659 (15%)	11.7765 (25%)	7.0659 (15%)	— (0%)
	35.3294	40.0400	35.3294	40.0400	47.1059
Less United Kingdom Income Tax at 20% of the gross dividends	9.4212	9.4212	(d)	(d)	(d)
Net amount payable per Sub-Share	25.9082	30.6188	35.3294	40.0400	47.1059

(a) In such case Dutch dividend tax is deducted at 25% and from the balance the U.K. paying agent deducts 20% of the gross amount. In the Netherlands the 25% dividend tax suffered will be allowed as credit against the tax payable on the profits of the establishment.

(b) Under the Anglo-Dutch Convention such shareholders are entitled to a reduction in Dutch dividend tax from 25% to 15%. On collection of the dividends in the U.K. the paying agent deducts tax of 20% of the gross amount. This represents a credit against the basic U.K. rate (35%) for the 15% Dutch dividend tax already suffered.

(c) Shareholders resident in Austria, Belgium, Canada, Czechoslovakia, Denmark, Finland, France, Germany, Indonesia, Ireland, Israel, Italy, Japan, Luxembourg, the Netherlands Antilles, Norway, Singapore, South Africa, Spain, Surinam, Sweden, Switzerland, or the United States of America may be entitled to full or partial relief from Dutch dividend tax. A statement of the procedure which must be followed for such relief can be obtained from Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London, EC2P 2HU, or The London Transfer Office, Unilever House, Blackfriars, London EC4P 4BQ.

(d) An Inland Revenue Affidavit of non-residence in the United Kingdom must be produced.

To obtain payment of the above dividend Sub-share Certificates must be listed on Listing forms obtainable from one of the following:—

Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2HU.
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE.
Allied Irish Banks Limited, Securities Department, 3/4 Foster Place, Dublin, 2.
Clydesdale Bank Limited, 30 St. Vincent Place, Glasgow

The listing form includes an undertaking to mark the Certificates which need not be lodged with the form.

DUTCH CERTIFICATES OF FL.1,000, FL.100 AND FL.20

Having regard to the double taxation Conventions referred to above the amounts payable per Certificate are as follows:—

Certificate of	The United Kingdom and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (a) above: Fl.1,000	Fl.100	Fl.20	Any Other Country and in all Other Cases (The net amount payable is shown according to the rate of Dutch dividend tax, if such tax is due—See Notes (b), (c) and (d) above): Fl.1,000	Fl.100	Fl.20	Fl.1,000	Fl.100	Fl.20
Gross amount of dividends	216.0000	21.6000	4.3200	216.0000	21.6000	4.3200	216.0000	21.6000	4.3200
Less Dutch dividend tax	32.4000 (15%)	3.2400 (15%)	0.6480 (15%)	54.0000 (25%)	5.4000 (25%)	1.0800 (25%)	32.4000 (15%)	3.2400 (15%)	0.6480 (15%)
Net amount payable per Certificate	183.6000	18.3600	3.6720	162.0000	16.2000	3.2400	183.6000	18.3600	3.6720

The dividends will be paid against surrender of Coupon No. 94. Coupons can be encashed through Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2HU or through one of the paying agents in the Netherlands.

Coupons encashed through Midland Bank Limited must be listed on a special form obtainable from that Bank which contains a declaration that the Certificates to which the Coupons relate do not belong to a resident of the Netherlands.

A statement of the procedure which must be followed when Coupons are encashed through a paying agent in the Netherlands, and the names of those agents can be obtained from Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2HU or The London Transfer Office, Unilever House, Blackfriars, London EC4P 4BQ.

The proceeds from the encashment of Coupons through a paying agent in the Netherlands will be credited to a convertible florins account with a bank or broker in the Netherlands.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

London Transfer Office,
Unilever House,
Blackfriars,
London EC4P 4BQ.
13th May, 1975.

COMPANY NOTICES

European Investment Bank

7½% 1973/1988 FF 200,000,000 LOAN

Notice is hereby given to bondholders of the above loan that a second redemption of FF 7,000,000 was effected before May 15, 1975.

Amount outstanding on May 15, 1975: FF 186,000,000.

Luxembourg, May 16, 1975.

PERSONAL

ENTERTAINMENT GUIDE

مكتاميل الأصل

MONEY MARKET

Easier interest rates

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates were weaker in some areas of the London Money market yesterday, losing some of their recent gains, in spite of an unusual shortage of day-to-day credit. The one-month sterling certificate yield fell to 10-10 per cent., from 10⅛-10⅛ per cent., the three-month 10 13/16-10⅞ per cent. from 11 1/16-10⅞ per cent., and the one-year to 12¼-12⅛ per cent., from 12⅜-12¼ per cent. The authorities gave an exceptionally large amount of help, buying an amount of Treasury and local authority bills from the Discount houses which was in its own right "exceptionally large" and lending a large sum to three or four Discount houses for one day at the Bank of England Minimum Lending Rate of 10 per cent. The underlying shortage (on the basis of identified factors) seemed to have been broadly on the scale of the official bill purchases, so that the money to repay the loans from the Bank seemed to have been left overnight with the banks. There was it is thought, no official interest rate policy signal intended in the official lending.

Banks had carried over a surplus from Wednesday, there was a fall in the note circulation and Government stock redemption was in the market's favour. The market faced a net take-up of Treasury bills, however, revenue transfers to the Exchequer were heavily in excess of Government disbursements, the authorities held maturing local authority bills, and gilt-edged settlements carried money out of the market.

Discount houses paid up to 9 per cent. for secured call loans in the earlier part, but found late balances at 6 per cent. In the inter-bank market, overnight loans ranged from about 5 per cent. to 10¾ per cent.

Rates in the table below are nominal in some cases.

May 15 1975	Sterling Certificates of deposit	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Bank bills ⊕	Fine trade bills ⊕
Overnight	—	5-10¾	—	—	—	9⅛-10⅛	6-9	—	—	—
2 days notice	—	—	9¾-10¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	9-10½	10-10½	—	10¼-11⅛	—	8¾-9	—	—	—
One month	10⅛-10	10-10½	10⅛-10¾	11-10⅝	10⅞-11⅛	—	8¾-9⅛	9⅛-9⅜	10⅝-10⅛	11-12
Two months	10⅝-10 7/16	10⅛-10¾	—	11-10¼	11-11⅛	—	9¼-9⅜	9½-9¾	10⅛-10¼	11-12
Three months	10 13/16-10⅞	10⅛-11	11	11-10⅝	11⅛-11¾	—	9⅝-9⅛	9⅛-9 5/16	10⅝-10⅞	11-12
Six months	11⅛-11⅝	11⅝-11¾	11¼-11⅝	11⅝-11	—	—	—	—	11⅝-12	12-13
Nine months	12⅛-11 13/16	11¾-12⅛	—	12⅝-11¼	—	—	—	—	—	—
One year	12¼-12⅛	12-12⅝	13¼-13⅛	12⅞-11⅜	—	—	—	—	—	—
Two years	—	—	13½-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¾-14 per cent.; four years 14-14½ per cent.; five years 14½-14¾ per cent. ⊕ Bank bill rate in table is buying rate for prime paper. Buying rates for four-month bank bills 11⅛-11¼ per cent.; and four-month trade bills 11-12¼ per cent. Approximate selling rate for one-month Treasury bills 9¼-9 5/16 per cent.; two-month 9 11/32-9 5/16 per cent.; three-month 9⅞ per cent. Approximate selling rate for one-month bank bills 10-10⅛ per cent.; for two-month 10⅛-10¼ per cent.; and three-month 10⅛-10⅜ per cent.; for one-month trade bills 10⅝-11 per cent.; two-month 10⅞-11¼ per cent.; and three-month 11-11⅛ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Bank Base Rates for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.4774 per cent.

South Wales pits produce coal surplus

By Our Cardiff Correspondent

SOUTH WALES pits in the middle of a productivity drive are producing more coal than they can sell.

A fall in demand from industry and power stations is causing a 3,000 tons-a-week surplus, and the National Coal Board has asked local authorities to help find stockpiling sites.

Of the area's weekly output of 296,000 tons, 100,000 tons went to the British Steel Corporation and another 60,000 to 70,000 tons to the Central Electricity Generating Board. The economic situation, a mild winter and energy-saving campaigns have meant a cut in demand to 90,000 tons for the steel industry and only 40,000 tons for power stations.

GIBBONS' GALLERY

The June display at Stanley Gibbons' Romano House in London will feature material covering Indian postal history. In July the award-winning collection of Chile owned by Mr. James D. Todd, will be on show, plus examples of the Perkins, Bacon printings and also those of Desmadryl, Gillet and the Chilean Post Office.

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (105)

BRITISH FUNDS (1)
Savings 3pc '65-75

FOREIGN BONDS (1)
Rumanian 4pc

AMERICANS (6)
Cont. Oil; Rep. N.Y. Cpn.; Honeywell; Shell Oil; Merck; Squibb

CANADIANS (1)
Peoples Dept.

BANKS (2)
Stand. & Chartered; Cie Bancaire

CHEMICALS (1)
Laporte Inds.

STORES (2)
Foster Bros.; NSS News

ELECTRICALS (3)
EMI; Philips Fin. Elec; Perkin Elmer 4pc

ENGINEERING (7)
Blackwood Hodge; Head Wrightson; British Rollmakers; Martonair; Brown (J.); Weyburn Eng.; CompAir

FOODS (3)
Ass. Biscuit; Robertson Foods; Cavenham

INDUSTRIALS (17)
BTR; Monsanto 5pc 82-86; Aestobell; Morgan Crucible; Bridon; NCR 4pc 93-98; British Vita; Paterson Zochonis; Cussons; Portals; Franklin Mint; Pritchard Services; Gill & Duffus; Reckitt and Colman; Hofmung (S.); Silentbloc; Magnolia Manuf.

INSURANCES (3)
Combd. Ins. Am.; Leslie and Godwin; Howden (A.)

MOTORS (2)
Ford (BDR); Gen. Motors Units

NEWSPAPERS (2)
Bristol Post; Pyramid

PROPERTY (4)
Argyle Secs.; Hutchison; Brixton Ests.; Slough Ests.

TRUSTS (35)
Alliance Invs.; Glendevon 'B'; American Tst. 'B'; Glenmurray Inv.; Aust. and Int.; Guardian Inv. Tst.; Bankers Inv.; Inv. Tst. Cpn.; Border Sthn.; Jersey Extnl. Pf.; Brit. Assets; Lake View Inv.; CLRP Inv.; Ldn. and Prov.; Cardinal Dfd.; Mer. and London; City of Oxford; Mendle; Cont. and Ind.; 1928 Inv.; Crossfriars; Oil and Assoc.; Embankment; Scot. Ontario; Eng. and Caledonian; Utd. Brit. Secs.; Eng. and Scot. Inv.; Winterbottom; Estates Duties; London Utd.; External; NMC Invs.; Glasgow Stockholder; Scot. and Merc. 'A'; Glendevon Inv.

OILS (1)
Shell Transport

RUBBERS (3)
Golden Hope; Malakoff; London Asiatic

TEAS (1)
British Indian

MINES (10)
Kinross; UC Inv.; St. Helena; Union Cpn.; Cons. Gold Fields; Vereeniging; Gen. Mng; Burma Mines; Middle Wit.; Charterhall

NEW LOWS (2)

MOTORS (2)
Western Motor; Weston Mtr. A N-V

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	32	1	28
Corpns. Dom. and Foreign Bonds	4	5	62
Industrials	322	257	1,169
Financial and Prop.	133	99	346
Oils	7	9	34
Plantation	4	5	38
Mines	33	32	86
Recent Issues	18	5	27
Totals	555	413	1,790

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	9½%

† Address shown under Insurance and Property Bond table.

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposit 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

I.G. GOLD INDEX
164½-167½

CORAL INDEX
Close 334-339

INSURANCE, PROPERTY, BONDS

Yield %

Abbey Life Assurance Co. Ltd.
1-3, St. Paul's Churchyard, E.C.4. 248 9111

Abbey Eq. May 13	28.1	29.6	—	—
Do. Acc. Unit May 13	21.9	23.3	—	—
Bn. Pr. May 6	102.7	109.1	—	—
Do. Acc. Unit May 6	97.2	103.2	—	—
Do. Pen. Unit May 6	103.5	109.8	—	—
Selective In. May 6	59.0	62.7	—	—
Do. Pen. Unit May 6	53.2	56.5	—	—

[illegible]

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

Capital Apr. 15	96.8	—	—	—
GS Special Apr. 15	57.5	—	—	—
MnGthBdApr. 30	113.5	119.5	—	—

Crescent Life Ass. Co. Ltd.
Braywick Hse., Mdnhd, Berks. Mdnhd 34686

Cres Pn'dInv.Fd.	61.1	66.6	—	—

Crusader Insurance Co. Ltd.
Bowring Bldgs., Tower Pl., EC3. 01-626 8031

[illegible]

Life Assur. Co. of Pennsylvania
39-42, New Bond St., W1Y 0RQ. 01-493 8395

LACOP Units	778	817	—	—

Lloyd's Life Assurance Ltd.
12, Leadenhall St., EC3M 7LS. 01-623 6621

Mlt.GthFd May 6	1.56409		—	—
Opt4EqFd May 10	90.7	95.5	—	—
Opt4Prop. May 10	103.0	108.1	—	—
Opt4HiYd Apr. 28	109.1	114.8	—	—

[illegible]

Save & Prosper Group
4, Gt. St. Helen's, London, EC3. 01-554 8899

[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)

No.	Group	Thurs. May 15 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Wed. May 14 Index No.	Tuesday May 13 Index No.	Monday May 12 Index No.	Friday May 9 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	121.24	+1.5	18.26	6.65	7.60	7.59	119.72	121.59	122.67	120.85	112.00	129.01 (23/4)	51.78 (6/1)	206.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	107.58	+1.6	21.06	7.51	7.27	7.26	105.78	109.05	111.55	108.30	114.15	117.40 (22/4)	45.11 (6/1)	235.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	235.29	+1.2	17.79	4.19	8.30	8.28	230.61	236.70	240.90	235.92	186.73	251.61 (23/4)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	210.50	+1.8	17.80	5.59	8.10	8.08	206.83	210.12	211.90	206.11	208.85	229.55 (23/4)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	148.34	+2.3	21.24	7.29	7.06	7.06	145.08	146.85	146.99	142.55	117.72	159.79 (22/4)	64.39 (2/1)	202.57 (8/5/73)	64.39 (2/1/75)
6	Engineering (General) (65)	106.10	+0.9	19.93	7.31	7.31	7.31	105.15	105.59	106.83	106.23	91.11	110.07 (23/5)	45.45 (8/1)	168.59 (4/5/72)	45.45 (6/1/75)
7	Machine and Other Tools (11)	47.56	+1.1	18.92	9.36	12.66	13.44	47.04	46.87	47.38	46.06	37.55	47.56 (15/5)	20.11 (2/1)	136.70 (4/7/68)	19.96 (13/12/74)
8	Miscellaneous (23)	111.00	+0.4	18.81	7.08	7.24	7.22	110.56	111.40	111.58	108.75	100.97	114.48 (23/4)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	83.64	+0.5	21.59	7.48	6.77	6.75	82.14	83.73	85.07	84.26	99.44	90.59 (22/4)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	91.04	+0.5	23.34	5.59	6.22	6.21	90.57	92.71	94.93	93.47	122.03	105.62 (10/3)	44.28 (6/1)	257.41 (19/5/72)	42.65 (13/12/74)
11	Household Goods (15)	134.99	+0.7	31.46	7.86	4.58	4.58	133.99	136.62	136.09	134.98	184.83	146.90 (23/4)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	46.30	+0.3	14.68	9.90	10.25	10.16	46.16	46.77	47.43	47.34	48.21	50.55 (22/4)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	134.62	+1.4	15.12	6.09	9.36	9.35	132.74	134.95	138.14	135.48	120.38	141.55 (22/4)	61.98 (6/1)	225.08 (18/8/72)	61.41 (13/12/74)
14	Breweries (16)	143.85	+1.5	14.62	6.91	10.15	10.15	141.15	146.31	151.07	148.75	145.89	156.35 (22/4)	75.58 (6/1)	281.87 (25/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	156.04	+0.8	13.66	6.01	10.63	10.63	154.81	156.84	157.67	151.64	163.52	167.59 (22/4)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	142.71	+2.0	16.49	7.88	9.31	9.31	139.90	144.07	148.55	145.05	140.67	149.08 (25/4)	55.28 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	146.95	+1.8	13.78	6.26	10.06	10.03	146.24	148.14	148.83	144.99	117.21	148.96 (16/5)	62.03 (2/1)	211.65 (14/11/74)	59.67 (11/12/74)
18	Food Retailing (16)	156.07	+1.1	11.36	4.56	15.19	15.19	154.60	156.18	156.79	157.40	109.68	145.54 (23/4)	57.15 (2/1)	236.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	137.05	+1.4	20.16	5.97	7.44	7.44	135.19	137.86	139.55	137.75	162.92	146.73 (23/4)	55.08 (6/1)	260.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	105.79	+2.5	21.51	6.35	6.81	6.82	101.94	102.98	106.45	99.36	80.84	106.45 (12/5)	43.46 (6/1)	138.69 (26/4/72)	43.46 (6/1/75)
21	Stores (30)	121.19	+1.0	11.46	5.28	12.90	12.90	119.96	121.24	126.47	124.74	96.62	129.59 (22/4)	52.63 (6/1)	204.39 (16/5/72)	52.63 (6/1/75)
22	Textiles (19)	133.76	+2.0	26.67	7.52	4.36	4.34	131.14	133.92	135.50	130.51	135.00	142.59 (17/4)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobacco (3)	179.92	+1.4	19.38	7.40	7.57	7.57	177.39	179.99	187.19	182.18	186.23	199.16 (10/3)	109.92 (6/1)	359.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	41.17	–0.9	27.05	7.46	5.05	5.05	41.56	41.65	41.65	41.57	44.07	43.61 (23/4)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (25)	166.86	+2.1	20.97	5.33	6.78	6.78	163.46	166.15	169.55	163.63	144.53	169.58 (12/5)	75.14 (6/1)	201.92 (31/1/69)	71.30 (11/12/74)
26	Office Equipment (10)	92.16	–1.6	15.38	5.70	8.67	8.67	93.54	95.50	94.78	93.04	119.69	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (11)	360.56	+1.4	24.23	6.54	4.96	4.79	355.57	359.31	365.05	356.58	387.31	401.84 (10/3)	194.38 (6/1)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	142.28	+1.0	17.47	6.80	8.02	8.02	140.83	143.46	145.92	143.44	134.88	148.14 (23/4)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	131.34	+1.5	17.54	6.33	8.10	8.08	129.62	131.68	134.20	131.56	122.44	137.57 (23/4)	59.19 (6/1)	230.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	267.01	+2.6	27.57	5.78	3.89	3.65	260.34	269.11	266.56	256.00	258.06	267.01 (15/5)	105.84 (2/1)	451.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	142.77	+1.5	19.00	6.17	5.99	6.85	140.68	142.46	145.30	141.93	132.29	146.95 (23/4)	66.49 (6/1)	227.95 (16/5/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	137.18	+1.4	—	6.24	—	—	136.27	137.29	140.56	138.81	128.14	147.98 (23/4)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	147.84	+3.3	28.28	5.32	5.09	5.69	142.68	146.57	152.58	150.77	142.35	163.58 (23/4)	62.56 (2/1)	288.38 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	138.16	–0.2	—	8.18	—	—	138.44	137.19	138.92	137.09	157.68	160.27 (7/3)	64.15 (6/1)	293.13 (2/5/72)	61.40 (10/12/74)
35	Hire Purchase (5)	102.31	+0.9	24.38	8.98	5.46	6.00	101.38	105.59	108.86	110.55	225.19	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	110.08	–0.1	—	6.09	—	—	110.18	111.94	115.50	112.61	100.52	127.97 (23/4)	44.88 (2/1)	194.46 (16/5/73)	44.88 (2/1/75)
37	Insurance (Composite) (7)	110.02	+0.5	—	5.94	—	—	109.52	109.64	112.75	110.98	91.37	114.36 (29/4)	44.47 (2/1)	156.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	194.45	—	10.17	4.36	14.49	14.49	194.45	193.98	193.40	187.57	160.27	194.45 (14/5)	66.96 (7/1)	262.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	64.92	+0.5	—	7.34	—	—	64.66	65.94	66.79	64.76	115.95	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	229.62	+1.7	4.06	2.81	35.21	33.87	218.95	224.22	235.23	225.48	166.30	241.32 (22/4)	68.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	69.42	–1.2	16.35	9.36	8.66	8.48	70.29	70.46	71.62	69.25	103.66	75.78 (23/4)	34.78 (10/1)	303.15 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	171.64	+0.3	2.93	4.02	34.13	34.13	171.14	172.35	172.77	167.67	133.31	172.77 (12/5)	75.43 (6/1)	246.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	142.23	+1.4	—	5.84	—	—	140.37	142.08	144.81	141.74	139.52	147.45 (23/4)	[illegible] (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	311.35	–0.2	10.02	6.56	11.75	11.30	312.86	310.65	315.72	305.19	409.41	315.72 (12/5)	231.66 (2/1)	555.57 (23/7/73)	84.68 (25/6/65)
45	Teas (10)	88.50	+0.4	21.85	9.04	5.77	5.38	88.19	88.85	88.85	88.75	105.82	88.85 (12/5)	76.76 (10/1)	121.47 (1/6/72)	59.72 (17/10/74)
46	Coppers (3)	448.52	–0.9	45.76	16.84	2.28	2.28	452.75	454.49	465.09	451.55	418.80	480.26 (28/2)	374.38 (22/1)	567.76 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	134.74	+1.8	8.89	3.91	12.19	12.19	132.39	133.20	133.28	129.43	113.38	134.74 (15/5)	60.68 (22/1)	175.90 (22/4/68)	66.31 (30/9/74)
48	Tins (8)	105.76	–0.2	9.64	7.84	13.36	11.47	106.00	104.92	105.98	99.21	99.84	106.00 (14/5)	56.91 (8/1)	125.45 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	239.50	+1.3	13.91	3.63	9.11	9.07	236.34	237.14	239.73	231.20	—	259.73 (12/5)	97.37 (6/1)	239.73 (12/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Thursday, May 15 Index No.	Thursday, May 15 Yield %	Wed. May 14	Tuesday May 13	Monday May 12	Friday May 9	Thurs. May 8	Wed. May 7	Tuesday May 6	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.18	15.17	15.28	15.51	15.28	15.15	15.56	15.47	15.91	—	—	—	—
2	20-yr. Govt. Stocks (6)	46.96	‡15.76	46.91	46.79	46.26	46.86	47.16	46.50	45.99	52.23	55.09 (20/3)	38.27 (3/1)	116.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	46.23	‡16.94	46.16	46.18	46.22	45.60	46.52	45.32	45.55	48.16	50.68 (21/3)	37.01 (3/1)	115.43 (23/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	41.75	16.89	41.75	41.75	42.20	42.20	42.20	42.12	42.12	45.85	46.37 (25/3)	36.36 (3/1)	114.41 (13/9/63)	34.46 (4/12/74)
5	Coml. and Indl. Prefs. (20)	57.95	16.25	57.95	57.62	58.02	58.31	58.25	57.83	57.74	60.05	66.96 (20/3)	48.55 (5/1)	114.96 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Dates	Base Value	Section or Group	Base Dates	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	162.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A new list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By Inland post 15p. Commonwealth 18p. Foreign 22p.

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under the heading "Regional Markets" is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv (20p)	12	......	Gardiner Sons	11	......	Sheff. Refrshmt	158	......
Ash Spinning	37	......	Gardner (L.)	38	......	Shiloh Spinn.	23	......
Bertam	15	–1	Graig Sh'p (£1)	460	......	Sindall (Wm.)	45	......
Brady (G.) "A"	52	......	Hallam Sl. (10p)	7½	......	Vincent (H.)	67½	......
Br'wtrEst. (60p)	188	......	Higsons Brew	78	......	IRISH		
Clover Croft	40	......	Holt Joseph 25p	170	......	Alliance Gas £1	35	–1
Craig & Rose £1	516	......	IOM Steam £1	110	......	Carroll (P.J.)	120	+5
Dundee Crm £1	180	......	Kleen-E-Ze	29	......	Clondalkin	60	......
Dundee Ice £1	300	......	Lovell's Ship £1	130	......	Concrete Prods.	70	......
Dysons (R. A.)	29	......	Nthn Goldsm'ths	65	......	Goodbody (£1)	39	......
Ellis & McHdy	57	......	P.M.A.	34	......	Helton (Hldgs)	32	......
Evans Frnk (10p)	31	......	Pearce C.H.	98	......	Irish Distillers	[illegible]	......
Evered	12½	......	Peel Mills	17	......	Irish Wire Bd.	40	......
Fife Forge	46	......	Richards (10p)	10	......	Jacob	58xd	......
Finlay Pkg (5p)	15	......	Robb Cal. (5p)	66	......	Sunbeam	11	......
Pr'st & Reed (50p)	94	–1	Sayers Con 12½p	9	......	Unidare	61	......

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	19	257	+ 2	263	118
Shell Transport	25p	19	314	+11	317	118
GKN "New"	Nil/pd.	13	54*	+ 8	70*	45*
Boots	25p	12	250	+ 9	272	91
Head Wrightson	25p	11	22	+ 3½	22	6
Lonrho	25p	11	152	—	155	68
RTZ	25p	11	205	+ 6	210	80
Reardon Smith 'A'	50p	10	315	+25	290	121
Standard & Chrtd.	£1	10	500	+20	500	210
Beecham	25p	9	278	+ 1	294	116
BP	£1	9	455	+ 7	458	190
Commercial Union	25p	9	176	+ 4	182	72
Cons. Gold Fields	25p	9	283	— 1	287	188
Rank "A"	70p pd.	9	103	+ 3	106	84
Royal Insurance	25p	9	308	+ 6	314	215

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 13	May 27	Aug. 7	Aug. 19
May 28	Jun. 9	Aug. 20	Sept. 2
Jun. 10	Jun. 23	Sept. 4	Sept. 16

Call options were taken yesterday in "Gussies" "A," RHM, Charterhall Finance, EMI, Head Wrightson, San Paulo Railway, Dunlop, Allied Irish Banks, Coalite and Chemical, Scottish and Newcastle, Burmah Oil, Redland, and Allied Investments. No "puts" were reported, while "doubles" were arranged in National Westminster Bank warrants, Coalite and Chemical, Dunlop and Burmah Oil.

Industrials						Mines	
		Grand Met.	10	Slater Walker	14		
		G.U.S. 'A'	20	Spillers	7	Anglo Amer.	45
A. P. Cement	20	Guardian	20	Tesco	6	Broken Hill Prp	65
Assoc Leisure	3	G.K.N.	25	Thorn 'A'	25	Cast	9
Barclays Bank	35	Hawker Sidd.	25	Tube Invest.	30	Charter Cons.	20
Beecham	24	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	7
Boots Drug	24	Hudson (Wilms)	5	Utd. Drapery	12	Cons Gold	22
Bowaters	17	I.C.I.	22	Vickers	18	De Beers Def.	20
B.A.T.	35	"Imps"	7	Woolworths	6	F. S. Geduld	200
British Leyland	1½	I.C.L.	7			Great Boulder	56
British Oxygen	6	Inveresk	10	Property		Hampton Areas	10

[illegible]

FOOD PRICE MOVEMENTS

	May 17 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	800	800	800
British A.1 per ton†	795	795	795
Irish Special per ton†	795	795	795
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton¶	795	795	795
BUTTER (packet)			
NZ per 28 lbs†	—	—	9.87
English per cwt†	40.72-41.84	40.72-41.15	40.46-41.15
Danish salted per cwt†	43.10-42.50	41.72-42.50	41.72-42.30
CHEESE§			
English cheddar white rindless 40-lb per cwt	43.15	43.15	—
NZ per 20 kilos	15.61	15.61	15.61
EGGS*			
Home-prod. Standard	2.20- 2.60	2.60- 2.90	3.35- 3.50
Large	2.70- 3.00	3.00- 3.30	3.60- 3.70
	May 17 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scotch killed sides (ex KKCF)	34.0—36.5	34.0—36.0	34.0—37.0
Eire forequarters	22.0—26.0	25.0—26.5	—
Argentine chilled rumps	—	—	—
LAMB			
English	40.0—44.0	40.0—44.0	42.0—46.0
NZ 2s-Ds	29.0—29.5	29.0—29.5	29.0—29.5
PORK (all weights)	23.0—34.0	23.0—34.0	23.0—34.0
MUTTON			
English ewes	12.0—13.0	12.0—13.0	12.0—13.0
POULTRY			
Broiler chickens	23.0—26.0	23.0—26.0	22.0—25.0

* London Egg Exchange price per 120 eggs. † Delivered. § London and National Provision Exchange price. ¶ For delivery May 17-24. ** FMC price.

PUBLIC NOTICES

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index reacts 10 on profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 15.

PROFIT TAKING wiped out early gains on Wall Street to-day and the market closed sharply lower, after initially responding favourably to President Ford's handling of the Cambodian incident.

After rising 4.46 to 863.19, the Dow Jones Industrial Average reacted to 848.80, for a net loss of 9.93. The NYSE All-Common Index came back 39 cents to $48.44, while losses outnumbered gains by 789-to-644. Trading volume decreased 1.36m. shares to 27.69m.

Early buying was encouraged by the bullish outlook for the economy in the second half of the year.

Brokers noted that short-term interest rates were rebounding after a recent decline that helped the market advance. However, analysts added there appeared to be no change in Federal Reserve monetary policy behind the rebound.

In the economic news, personal income rose by 0.6 per cent. in April and the U.S. balance of payments showed major improvements in the first quarter.

Late in the session, the Government announced a decline in industrial production in April for the seventh straight month although the decline was the smallest since August.

Xerox fell $7¾ to $78⅝—it predicted little profit growth in 1975 and said it faced stiff competition from International Business Machines and also Eastman Kodak. Xerox also trimmed $150-$200m. from previous estimates of capital expenditure for 1975.

IBM dropped $6 to $217¼, and Kodak shed $2¾ to $106.

General Motors fell $1⅝ to $46 on a 20 per cent. industry decline in early-May sales of new cars.

Du Pont declined $2¾ to $129¼, Sears Roebuck $1⅞ to $70, Texas Instruments $1¼ to $106¼, Digital Equipment $3 to $107, Burroughs $3¾ to $103¾, and Atlantic Richfield $1 to $90.

Seaboard Coastline Industries were lowered $4¼ to $23¾ on a second quarter dividend cut to 33 cents (55 cents a share in the first quarter).

The American SE Market Value Index dipped 0.34 to 87.49, although advances led declines by 339 to 326. Volume slowed to 2.41m. shares from 2.74m.

to 184.72 and Utilities shed 0.48 to 132.56.

Imperial Oil "A" lost $1 to $28¾ in active trading—its parent, Exxon, said loss of the U.S. Oil Depletion Allowance would mean a $200m. reduction in 1975 earnings.

Crown Life Insurance rose $2 to $65 but Texaco Canada dropped $1¼ to $29¾.

PARIS—Again irregularly lower, but with losses generally small, dealers said.

Banks were about steady and Foods and Electricals were little changed. Ferodo gained in Rubbers, while Portfolios, Breweries and Engineerings eased. Machines Bull fell after opening slightly higher.

Foreign stocks were hesitant, apart from U.S. issues, which advanced on Wall Street's gains.

AMSTERDAM—Generally firmed, with Shell leading Dutch Internationals higher following its first quarter figures, dealers said. Wall Street's gains and the dollar's recovery aided sentiment, with only Philips slightly easier against the trend.

Gains elsewhere were led by Heineken, Nationale Nederlanden, OCE, Berkel and Boskalis, with Ennia, following announcement of a rights issue, and Van Ommeren both lower.

State Loans held steady.

BRUSSELS—Shares rose across a broad front in more active trading following Wall Street's rise, dealers said.

Electrobel, Tracelec, Asturienne, Vieille Montagne, Clabecq, Acec and Union Minière rose, with the only notable loser Cometra. All three Petrofina rose.

U.K. and U.S. stocks headed foreign sector gains. Dutch, French and German issues were little changed and Golds mixed.

FRANKFURT — Prices closed mixed on some professional covering after a weaker start, dealers said.

Leading Chemicals, Electricals and Steels were little changed with Hoesch up. Basf rose after announcing lower first quarter pre-tax profits and Siemens also rose.

Banks, Motors and Machinery shares were mixed. Public Bond issues rose and the authorities sold a nominal DM2.8m.-worth back to the market. D-Mark Foreign Loans were steady.

SWITZERLAND—Stocks closed irregularly higher in moderate trading volume. Bankgesellschaft eased while Kreditanstalt firmed slightly. In Financials Juvena Bearer recovered part of an initial marked loss, while Oerlikon-Buehrle continued its recent advance to reach a new record high.

Among irregular Industrials Brown-Boveri was distinctly firmer on favourable 1974 earnings, and Nestle also gained.

State Bonds closed narrowly mixed. In a moderately active Foreign sector Dollar stocks closed very steady.

COPENHAGEN—Narrowly mixed in active dealings.

OSLO—Banks, Industrials and Shipping steadier, Insurance unchanged.

VIENNA—Easier overall.

MILAN — Closed irregularly higher on institutional blue-chip support buying ahead of monthly settlement, dealers said. Fiat, Montedison, Generale Immobiliare, Assicurazioni Generali ended higher, while both Pirellis and Miralanza eased.

Bonds were again quietly resistant.

TOKYO—Share prices advanced following the firm trend in New York and in expectation of Japanese Government measures to stimulate the economy, dealers said.

Widespread gains were recorded in Electric Home Appliances, Housings, Communications Equipment issues, Pharmaceuticals, Foodstuffs, Cameras and trade firms.

Toyota Motor and Honda Motor gained.

Sony, Matsushita Electric Industrial and TDK Electronics also rose.

HONG KONG advanced in fairly active trading, partly reflecting the recovery of U.S. merchant ship Mayaguez from Cambodian custody, brokers said. A phase of consolidation appears to be continuing with business still spreading into the second line section.

HK Bank rose 30 cents to $HK13.00, HK Land 30 cents to $HK7.00, Hutchison 7½ cents to $HK2.82½ and Jardine Matheson 80 cents to $HK27.50.

JOHANNESBURG—Gold shares were steady in small turnover, dealers said. Gains in heavyweights were up, with other issues higher on balance.

Financial Minings were mixed in quiet trade. Copper shares were a few cents down, with Platinum shares generally unchanged. Elsewhere, De Beers slipped.

The Industrial market was about steady in featureless trade.

AUSTRALIA—The market was mixed, dealers said. Mining issues advanced on the firmer trend of world metal prices.

Some leading Industrials were also higher, but second-line issues retreated reflecting uncertainty over the rate of wage increases and possible increases in interest rates.

BHP finished higher. Golds were specially well supported in the Mining section.

Central Norseman, Emperor and Kalgoorlie Southern were up.

Elsewhere, Bank of NSW was higher.

OTHER MARKETS

Canada mixed

Canadian Stock Markets were mixed in light trading yesterday.

The Industrial Share Index put on 0.07 to 187.17. Banks rose 1.63 to 258.27 and Papers hardened 0.50 to 109.79, but Golds lost 3.43 to 389.33. Base Metals eased 0.23 to 73.00. Western Oils gave way 2.38

Indices

NEW YORK

DOW JONES AVERAGES

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
May 15	103.06	91.41
14	104.04	92.27
13	103.22	91.58
12	102.09	90.61
9	102.05	90.50
8	100.98	89.56
7	100.45	89.08

MELBOURNE YIELDS

W'ge yield on 50 Leading Stocks	May 16	May 8	April 24
On Dividends	7.65	7.48	7.29
On Earnings	14.50	14.17	13.81

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

STOCK AND BOND YIELDS

HONG KONG INDEX

THURSDAY'S ACTIVE STOCKS

SINGAPORE INDEX

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

EUROPE

TORONTO INDUSTRIAL INDEX

MONTREAL INDUSTRIAL INDEX

COMBINED INDEX

JOHANNESBURG

Pound and $ up

Sterling and the U.S. dollar strengthened against major currencies in general in the foreign exchange market yesterday—with the pound's trade-weighted depreciation against ten leading units since December, 1971 (as calculated by the Bank of England) narrowing on balance to 24.8 per cent., from 25.1 per cent. on Wednesday evening, and standing at 24.9 per cent. at noon, and at 25.1 per cent. in early dealings. A good business was seen, with the market becoming appreciably calmer over the Far East situation. The dollar was substantially stronger, with its trade-weighted depreciation against 14 currencies (as measured on noon rates in New York by Morgan Guaranty) narrowing to 6.42 per cent., from 6.87 per cent., while against leading Continental currencies individually the U.S. unit generally closed towards its highest of the day. In terms of the dollar, sterling fell 100 points on balance, to $2.3010-2.3020—opening at $2.3050-2.3060, and touching $2.3075-2.3085 in the morning, at its best of the day, after having reached $2.3000-2.3010 in early business, but its fluctuations at one point in the afternoon carried it down to $2.2990-2.3005. On the Morgan Guaranty calculation against 14 units, the pound's weighted fall since the Washington Agreement narrowed to 30.15 per cent., from 30.57 per cent.

Gold fell back $1¼ an ounce on balance in London to $165¾-166¼, in spite of unsettled dealings in the U.S. overnight, amid concern over the Cambodian news. The metal opened in London at $166¾-167¼, with Far East concern wearing-off, the price trended downwards.

The Krugerrand ended in places at a premium of 22¾ per cent. over its gold content (on the middle of the dealer's bid-offered prices) in domestic business, against 23¼ per cent. overnight, and 3⅛ per cent. in international, against 2⅛ per cent.

EXCHANGE CROSS-RATES

May 16	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.3500 3550	57.80-58.05	[illegible]	5.41 43	97 65 80	94.20-40
N. York	42.35 36	—	24.47-52	3.77-78	2.3025-303	41 32 37	39.75-79
Paris	1.2.45 85	4.05 06	—	11 64-67	9.34 37	168 56 95	1 2 72-163
Brussels	18.56-92	34.91-96	8.57 62	—	80.38 58	14.50 55	13 95 14.0
London	5.40 44	2.299 2.305	9.32 36	80 20 80	—	5.51 57	5.72 79
Am'erdam	102.7-322	2.405 403	59 18 25	6.90 906	0.537-542	—	96.41-48
Zurich	106 15.40	2.611.514	61.53-68	7.177-197	[illegible]	104.10-32	—

U.S.$ in Montreal: U.S.$1=103.42.44 Canadian cents

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: two days' notice 7¼-7¾ per cent.; seven day's notice 7¼-7¾ per cent.; one month 7¼-8¼ per cent.; three months 7¾-8¼ per cent.; six months 8¼-8¾ per cent.; one year 8¼-8¾ per cent.

Longer-term Eurodollar deposits: two years 8¼-9¼ per cent.; three years 8¾-9¼ per cent.; four years 8¾-9¼ per cent.; five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¼-5¾ per cent.; three months 6¼-6¾ per cent.; six months 7¼-8 13/16 per cent.; one year 3 5/16-7¾ per cent.

* Rates are nominal closing rates

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

FORWARD RATES

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

AMSTERDAM

AUSTRALIA

VIENNA

PARIS

TOKYO

BRUSSELS

STOCKHOLM

MILAN

OSLO

SWITZERLAND

COPENHAGEN

JOHANNESBURG

SPAIN

STOCK EXCHANGE REPORT

Leaders make small improvement on scattered buying

Share index up 4.6 at 335.5—Gilts restrained

Account Dealing Dates

First Dealings	Declarations	Last Dealings	Account Day
May 5	May 15	May 16	May 28
May 19	May 29	May 30	June 10
Jun. 2	Jun. 12	Jun. 13	Jun. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Encouraged by the successful conclusion to the Cambodian operation and by a reasonably favourable reaction by the Press to the April trade figures, leading equities made modest progress yesterday. Scattered buying and a virtual absence of sellers saw prices gradually move ahead and, despite a slightly easier trend in prices towards the close, the FT 30-share index finished at the best of the day with a gain of 4.6 at 335.5. The level of business, however, left much to be desired. Trading statements from well known names such as Boots, Dunlop, UDS and Shell Transport enlivened the proceedings.

Restrained by uncertainty about today's Minimum Lending Rate decision, British Funds fared little better than equities in the way of activity. Nevertheless, the shorts and longs finished the day with gains to ⅛ and occasionally more. The Government Securities index hardened 0.04 further to 57.59.

Second-line equities presented an irregular picture, but rises just outnumbered falls by 6-5 in FT-quoted Industrials, while the FT-Actuaries' All-Share index improved 1.4 per cent to 142.23.

Gilts close firmly

British Funds closed on a firm note after earlier irregularity. Tight conditions in the money market prompted the initial dullness *at the short end which was* caught unawares by a sudden late demand *following news that the* OECD expected Britain to show a significant improvement in its current account balance of payments deficit by the year-end. The buying had the effect of turning prices round by ¼ to leave net gains *extending to* ⅜. Mediums ended unaltered and the longs usually showed closing gains of ⅛.

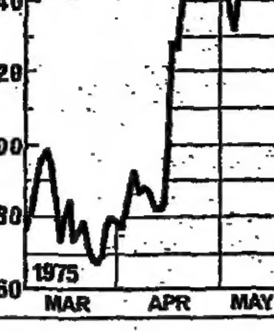
Continuation of the financial negotiations between Britain and Romania stimulated fresh interest in the latter's bonds and the 4½ per cent., 1913, issue rose 2½ points more to £14, while the 4 per cent. Cons., 1922, gained 1½ to £14¼ *after £15¼*.

An early recovery in the investment currency premium lost impetus late and the close was only a point higher at 101¾ per cent., after 103¼ per cent. Yesterday's S.E. conversion factor at 1.30 p.m. was 0.5554 (0.5520).

General Accident up

Insurances took a turn for the better, although business remained small. Press comment helped General Accident to shrug off the first-quarter profits setback and the shares moved ahead 8 to 158p. "Royals," still bolstered by the first-quarter profits expansion, closed 6 higher at 308p for a two-*day rise of 18. Phoenix advanced* 8 to 288p, while improvements of 4 occurred in Commercial Union, 176p, and Pearl Assurance, 212p. Among Lloyds brokers, Sedgwick Forbes rose 8 to 222p and C. E. Heath 6 to 223p.

Home Banks picked up, with National Westminster adding 10 at 224p and Barclays 8 at 272p. Among Overseas Banks, Standard and Chartered improved 20 to 500p in a thin market, while Hongkong and Shanghai Banking *moved* up 9 to 235p. Cater Ryder resisted a *dull trend in Discount Houses and* ended 10 better at 223p in response to the profits advance and nearly doubled dividend. However, King and Shaxson lost 5 to 50p despite improved profits. Allen Harvey and Ross receded *20 to 230p and Alexanders Dis-*



count 7 to 183p. Lloyds and Scottish were a bright spot in otherwise little-changed Hire Purchases at 68½p, up 6½, reflecting higher half-year profits.

A quiet day in Breweries left *prices without much alteration.* Elsewhere, Distillers gave up 2 to 132p, but Long John International continued firmly at 110p, up 2.

R. Costain were prominent in Buildings at 192p, up 6. O. C. Summers ended 2 harder at 39p, after 41p, following the results, while Sabah Timber, 26p, and Cakebread Robey "A," 14p, both closed a penny better following trading news. Geo. Wimpey were supported up to 138p, a rise of 5. A.P. Cement *contrasted* with a fall of 3 to 162p following the chair*man's remarks at the annual meeting.* FPA Construction shed 2 to 16p on the profits setback.

ICI improved 2 more at 257p, after 258p. Elsewhere in Chemicals, fresh speculative support raised Midland-Yorkshire 15 further to 415p.

UDS better

UDS closed 3 better at 100p in Stores following preliminary figures, while NSS Newsagents pushed up 6p more to 100p in continued response to Wednesday's dividend forecast and the "*rights*" issue terms. Combined English Stores hardened 2 to 63p following the chairman's statement, while Cope Sportswear were also 2 better at 23p following the results. W. H. Smith "A," however, ran into *small selling* and closed 10 cheaper at 406p.

Improvements of 5 were scored by *Plessey*, 74p, and *EMI*, 178p. GEC, however, ended just a penny firmer at 115p, while BICC recorded a net gain of 2 at 128p, after 130p. Philips' Lamp made a dull showing at 870p, down 10, reflecting foreign exchange rate movements. *Elsewhere, Ferranti,* in which dealings are allowed under Rule 163 (2), gained 6 at *38p following favourable Press* comment on the Government's support proposals. Racal Electronics returned to an upward path and closed 7 firmer at 270p, while BSR put on 4 to 73p and Ward and Goldstone 3 to 56p. *Sangamo Weston, 77p, relinquished* 3 of the previous day's advance of 13 which reflected Schlumberger's offer for the shares of the parent company, Sangamo Electric.

Metal Box rebounded smartly after recent dullness and closed *10 higher at 284p, after 287p.* Other Engineering leaders also fared better, GKN, 234p, and Tube Investments, 276p, gaining 6 apiece, while John Brown picked up 5 to 113p. Others prominent on the day included Babcock and Wilcox, 107p, and Sanderson Kayser, 45p, with gains of 5 each, while Laird revived to close 3½ firmer at 54p. Consideration of *the second-half improvement drew* buyers to Head Wrightson, up 3½ at 22p, and markedly better first-half figures lifted Concentric 3 to 22p. Duport were influenced by the warning about prospects for the current year and fell 3 to 58p; the "*rights*" issue was *not* thought to be a depressant. Elsewhere, Wadkin eased 2 to 55p on the expectation of lower profits this year. Shipbuildings had Vosper 3 easier at 62½p and Swan Hunter similarly harder at 92p.

Biscuit Manufacturers made progress, United closing 3 better at 101p and Associated 4 up at *a 1975 "high" of 62p. Kinloch* (Provision Merchants) revived with a rise of 6 to 132p in a thin market. Supermarkets edged higher with Tesco ending a penny better at 46½p and Lennons closing 2 up at 42p.

Ladbroke recovered 5 to 162p and *J. Lyons "A"* improved 8 to 150p. Brent Walker responded to *the preliminary figures with a* rise of 3 to 47p.

Boots advance

A surprise 100 per cent. scrip issue announced with results up to market expectations strengthened Boots which, from 238p just ahead of the news, *moved ahead to close a net 9 up* at 230p. Other miscellaneous Industrial leaders continued to *trade quietly* and initial gains were later trimmed. Beecham *ended only 1 better at 278p, after* 282p, in front of next Wednesday's results. Glaxo were finally 5 up at 390p, after 395p, and Rank "A," 170p, after 173p, and new 70p paid "A," 103p, after 106p, both ended 3 up. Reckitt and Colman, 324p, and Pilkington, 193p, managed rises of 10 and 5 respectively, but Reed International, awaiting next Friday's results, eased 2 to 270p. Elsewhere, BTR responded to the chairman's encouraging statement at the AGM and rose 7 to 120p. Hay's Wharf gained 5 at 120p in front of next Thursday's interim results, while Lighting and *Leisure, still on the increased half-*year profits, hardened another 2 to 31p. Alfred Marks, helped by Press comment, picked up 2 to 30p after Wednesday's loss of 3 on the profits setback. The lower interim profits and forecast *setback for the full year brought* Wood Hall Trust down to 85p, but the shares rallied to 90p for a net los of only 2.

Steady at 48p in front of the annual figures, Dunlop went ahead well on the better-than-expected profits to touch 53p, before ending a net 5 up at 52p. Other Motor and kindred issues remained idle and little changed. Lex were on offer again in Garages at 15¾p, down ¾, follow- the chairman's statement at the annual meeting. Western Motor issues were marked lower, the Ordinary by 5 to 30p, and the "*A*" *6 off at 20p.*

Jefferson Smurfit put on 4 to 105p among Paper and kindred *issues*, but Capseals were lowered 3 to 17p. Confirmation of the first-half loss made no impression *on Sir Joseph Causton, unchanged* at 12p. Elsewhere. Pearson Longman hardened 1 to 85p after the chairman's view of current prospects. Publishers were noteworthy *late for a rise of 2½ to a 1975 "high" of 25½p* in Pyramid following the preliminary figures.

The postponement of the Development Land Tax Bill until the next Parliamentary session helped to generate buying interest in Properties. Land Securities were *noteworthy for a rise of 7 to 217p,* while MEPC put on 3 to 184p. Town and City Properties closed a fraction harder at 32p; the price in yesterday's issue was incorrect. Outside the leaders, Brixton Estates, a firm market of late on the preliminary results, improved 4 more to 104p. A. and J. Mucklow gained 10 at 150p in *a thin market, while the Hong-*Kong-based Hutchison Properties rose 5 to 75p.

Shell reach 1975 peak

The first-quarter figures of Royal Dutch/Shell, being very close to highest market expectations, pleased and in fairly busy trading *Shell rose 317p,* a peak for the year, before closing a net 11 higher at 314p. Royal Dutch *eased on investment premium* influences to £28¼, but other oils improved, British Petroleum gaining 7 to 455p, after 458p, and Ultramar 6 to 180p. Burmah managed a recovery of only 1 to 30p.

Small irregular movements littered Trusts and Financials. Inchcape rose 8 to 405p, while other firm spots took in Jersey External, 4 up at 115p, and External, 6 higher at 138p. On a less cheerful note, Massmutual Mortgage came back 15 to 785p.

Interest in Shippings was largely confined to takeover favourites, Reardon Smith "A," 25 better at 215p, and Lyle, 10 to the good at 210p.

Textiles were marginally firmer on balance with the exception of Wormalds Walker, which gave 1½ more to 12½p.

Hulett's Corporation featured South Africans with a rise of 12 to 312p in response to the increased dividend and earnings. Dealings were resumed yesterday in Ovenstone Investments; the *shares opened and closed at 95p.*

Among Plantations, McLeod Russel, at 82p, held Wednesday's rise of 10 which reflected the good results.

Golds boil over

Gold shares ended the day showing modest losses on balance. The late strength in the market on Wednesday following U.S. buying prompted by the U.S.-*Cambodia situation* dwindled away and prices opened here little changed from the previous close. They then turned easier in line with the bullion price which reacted $1.50 at $166 per ounce and the index lost 2.8 at 300.4, its first fall for eight trading days.

West Drie, which were a feature on Wednesday, gave up £1½ at £31½ and Vaal Reefs (£30¾) and President Steyn (£20¼) were both ½ lower. Deelkraal fell 7 to 85p premium.

London-based Financials were initially stronger but they later turned lower owing to end-account profit-taking. Gold Fields ended 1 off at 283p after 290p and Charter were 2 down at 199p after 205p. RTZ, however, managed to hold on to a 6 gain at 205p after 210p.

The overseas cum-premium issues were not affected by the modest rally in the premium itself. "Amgold" were a point down at £43 and, following the chairman's statement, Anglo American eased 5 to 475p. *Platinums drifted.*

Australians generally reflected steadier home markets overnight *and the slight rally in the* premium although coal stocks gave ground. Utah Mining were 12 lower at 713p and Oakbridge fell 4 to 64p. Bougainville, however, picked up 5 to 107p following hopes that after the recent riots production will be restored by the start of next week.

In Coppers, Messina were another 15 down at 345p on further consideration of the nearly halved interim payment. *Gopeng eased 3 to 250p following* the Board changes in an otherwise untested Tin section. Elsewhere, Northgate were 5 off at 335p in front of the lower first-quarter profits.

FINANCIAL TIMES STOCK INDICES

—	May 15	May 14	May 13	May 12	May 9	May 8	A year ago
Government Secs.	57.59	57.35	57.20	56.82	57.46	57.73	58.80
Fixed Interest	57.14	57.14	57.07	56.84	57.36	57.24	58.15
Industrial Ordinary	335.5	330.9	332.3	339.8	333.6	331.1	304.3
Gold Mines	399.4	402.2	393.2	380.2	377.2	375.1	314.7
Ord. Div. Yld. %	6.11	6.23	6.21	6.09	6.21	6.24	6.49
Earnings Yld. % (full) (a)	18.08	18.30	18.25	17.88	18.15	18.23	16.78
P/E Ratio (net) (a) (b)	7.78	7.69	7.71	7.86	7.73	7.69	8.46
Dealings marked	7,547	8,771	8,665	7,525	6,631	7,500	†5,230
Equity turnover £m.	—	123.56	99.43	88.21	76.02	89.00	45.59
Equity bargains total	—	21,148	24,676	23,910	20,837	19,168	10,484

10 a.m. 332.6. 11 a.m. 332.4. Noon 333.7. 1 p.m. 334.7. 2 p.m. 335.0. 3 p.m. 335.4.

Latest Index 01-246 8026. Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.75.

Basis 100. Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	355.5 (22/4)	146.0 (6/1)	543.6 (19/6/72)	49.4 (26/6/40)
Gold Mines	425.6 (25/2)	280.2 (20/1)	425.4 (13/11/74)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 15	May 14
Daily—		
Gilt-Edged	124.7	149.0
Industrials	259.6	320.9
Speculative	102.8	104.5
Totals	167.2	199.5
5-day Av'ge		
Gilt-Edged	135.3	139.7
Industrials	282.2	281.7
Speculative	95.5	90.7
Totals	176.8	177.5

FT—ACTUARIES INDICES

—	May 15	May 14	May 13	May 12	May 9	May 8	A year ago
Industrial Group	131.34	129.62	131.18	134.20	131.36	129.72	122.44
500 Shares	142.77	140.65	142.46	145.30	141.93	104.06	132.99
Div. Yield pc.	6.17	6.25	6.17	6.05	6.19	6.28	6.16
P/E Ratio (net)	6.99	6.88	6.96	7.11	6.93	6.85	8.13
All Share	142.23	140.27	142.08	144.81	141.74	139.98	129.52
Consols yield pc.	15.18	15.17	15.28	15.51	15.25	15.13	15.91

AUTHORISED UNIT TRUSTS

[illegible]

[INSURANCE, PROPERTY, BONDS PRICES PAGE 31]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
98⅜	90¼	Savings 3pc '65-75‡‡	98 7/16	+½	3.05	10.37
99⅜	94 11/16	Exch 6½pc 1976‡‡	97½	+⅛	6.67	9.76
97¼	92 1/16	Treasury 6½pc 1976‡‡	95 13/16	+⅛	6.77	10.00
98½	97	Victory 4pc 1976‡‡	98½	......	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	100xd	+⅛	10.50	10.52
95	88⅞	Treasury 6¼pc 1977‡‡	92⅞	+¼	6.73	10.72
91¼	86¼	Electric 3pc '74-77	90⅛	+⅛	3.33	8.94
103 13/16	96⅞	Treasury 11½pc '77‡‡	101⅛	+⅛	11.37	10.93
88 3/16	84	Treasury 3pc '77‡‡	86⅛xd	+¼	3.48	9.34
88⅝	84⅛	Transport 4pc '72-77	86½xd	+1/16	4.62	10.05
96 11/16	90½	Treasury 9pc 1978‡‡	94 3/16	+3/16	9.55	11.45
96 11/16	93¾	Treasury 9pc '78 'A'‡‡	94 3/16	+3/16	9.55	11.45
100 7/16	96⅝	Treasury 10½pc '78‡‡	97¼	+⅛	10.80	11.54
87⅜	79	Exchequer 5pc '76-78‡‡	84⅝	+⅛	5.91	10.53
103	94 7/16	Treasury 11½pc '79‡‡	99¾	+¼	11.53	11.55
79⅜	71⅜	Treasury 3pc '79‡‡	76⅜	–⅛	3.93	9.80
81	73⅞	Electric 4¼pc '74-79	78⅜	+¼	5.42	10.54
100 3/16	96	Treasury 10½% '79‡‡	96¾xd	+⅛	10.85	11.43
79⅜	71	Electric 3½pc '76-79	76⅝xd	......	4.57	10.08
95	84	Treasury 9pc 1980‡‡	91½	+¼	9.84	11.32
		Five to Fifteen Years				
79	68¾	Treasury 3½pc '77-80	74⅝xd	......	4.67	9.90
84½	71	Funding 5¼pc '78-80‡‡	79xd	......	6.61	10.59
75½	66⅛	Treasury 3½pc '79-81	72⅝	......	4.88	10.08
91⅛	72⅝	Do 8½pc '80-82‡‡	87⅜	......	10.05	11.91
104⅛	86⅝	Treasury 12pc 1983‡‡	99¼	......	—	12.53
78	58	Funding 5½pc '82-84‡‡	72¾	......	7.75	10.73
85¼	61⅞	Treasury 8¼pc '84-86‡‡	80⅞	......	10.96	12.16
73¼	51⅞	Funding 6½pc '85-87‡‡	66½xd	......	9.81	11.84
76¼	53	Treasury 7¾pc '85-88‡‡	71	......	11.29	12.80
46⅛	32⅞	Transport 3pc '78-88	41⅝	......	7.40	12.20
55¼	39¾	Treasury 5pc '86-89	50⅛	+⅛	10.06	12.68
		Over Fifteen Years				
75½	53¼	Treasury 8¼pc '87-90‡‡	66½xd	+⅛	12.28	13.37
55¼	41⅜	Funding 5¾pc '87-91‡‡	50⅞	+⅛	11.45	13.37
97½	89½	Treasury 12¾pc '92‡‡	90¼	......	14.19	14.36
54½	40½	Funding 6pc 1993‡‡	48⅞	+⅛	12.60	13.99
75¼	54⅛	Treasury 9pc '94‡‡	64⅝xd	+⅛	13.92	14.47
34⅞	24¾	Gas 3pc '90-95	30¼	......	9.96	12.70
102	75	Treasury 12¾pc '95‡‡	87⅞xd	+⅛	14.51	14.62
71⅛	54⅞	Treasury 9pc '92-96‡‡	64⅞	+⅛	14.21	14.66
32¾	26½	Redn. 3pc '86-96	29¾	+⅛	10.21	12.60
69⅛	55¼	Treasury 8¾pc 1997‡‡	62¼	+⅛	14.36	14.74
59⅞	40⅞	Treasury 6¾pc '95-98‡‡	48¾	+⅛	13.92	14.55
75⅛	54¼	Treasury 9½pc 1999‡‡	65⅝	+⅛	14.51	14.77
31⅛	22	Funding 3½pc '99-04	28⅛	......	12.98	13.76
61⅛	47	Treasury 8pc '02-06‡‡	55¼	+⅛	14.53	14.71
42⅞	33	Treasury 5½pc '08-12‡‡	39	+⅛	14.48	14.58
59⅝	45⅞	Treasury 7¾pc '12-15‡‡	54⅞	+⅛	14.75	14.78
		Undated				
29¾	22⅞	Consols 4pc	27¼	+⅛	15.32	—
27¼	20½	War Loan 3½pc‡‡	23⅝xd	......	14.87	—
27½	22⅞	Conv. 3½pc '61 Aft.	24⅝	......	14.46	—
22	17½	Treasury 3pc '66 Aft.	20	......	15.25	—
18¼	14¼	Consols 2½pc	16¼	......	15.18	—
18⅛	14½	Treasury 2½pc	16⅝	......	15.32	—

**INTERNATIONAL BANK

1975 High	Low	Stock	£	+ or –	Yield Int.	Yield Red.
66¼	58	5pc Stock '77-82	65¼	......	7.82	12.73
96¼	91½	8pc Stock 1976	96	......	8.33	11.60

**CORPORATION LOANS

1975 High	Low	Stock	£	+ or –	Yield Int.	Yield Red.
86¼	80¼	Birm'ham 9¼pc '79-81	83¼	+¼	11.40	13.85
91½	87	Bristol 6½pc '75-77	89¾	......	7.24	15.31
87½	82¾	Essex 5¼pc '75-77	86¼	......	6.38	13.09
94⅞	90	G.L.C. 6¾pc 1976	93¼	......	7.24	12.75
90½	85	Do 7¼pc 1977	88¼	......	8.21	13.44
75¼	63	Herts. 5¼pc '78-80	69xd	......	7.59	14.02
89½	63½	Liverpool 7pc '76-77	88	......	7.95	13.10
89½	71	Do. 9¾pc '80-84	83¼xd	–¼	11.74	12.94
84½	77¼	Lon. Corp 6½pc '75-78	82½	......	7.89	13.30
79½	66½	Do. 9¼pc '84-85	75	–¼	12.51	14.09
85¼	78¾	L.C.C. 6pc '75-78	83	......	7.23	13.61
72½	59½	Do 5½pc '77-81	65¼	......	8.49	14.03
64	48	Do 5½pc '82-84	58¼	......	9.75	14.10
58½	40¼	Do 5½pc '85-87	49xd	......	11.17	14.49
60½	42	Do 6¾pc '88-90	53	......	13.38	15.11
21¼	15¼	Do. 3pc '20 Aft.	17¾	–¼	16.76	—
86½	82¼	Middx. 6¼pc '75-77	85½	......	7.31	13.13
77	64¾	Do 5¼pc 1980	69¾	......	7.53	14.06
86½	76	Newcastle 9¼pc '78-80	83¼	–¼	11.32	14.26
101⅛	99	Warwick 12½% 1980	99¼	......	12.62	12.75

COMMONWEALTH & AFRICAN LOANS

1975 High	Low	Stock	£	+ or –	Yield Int.	Yield Red.
94	89¼	**Aust. 6pc '74-76	93¼	......	6.47	11.63
82¼	76¼	**Do. 5½pc '75-78	81½	......	6.90	12.61
77¼	66½	**Do. 5½pc '77-80	76½	......	7.38	12.98
69	53⅞	**Do. 5½pc '81-82	66¼	......	8.36	13.11
59½	52¼	East Afr. 5¾pc '77-83	59¼	......	10.19	15.17
81⅛	77⅛	Jamaica 7pc '76-78	81⅛	......	8.78	14.97
59½	52½	Kenya 5pc '78-82	59½	......	8.58	15.02
79½	71¼	**N.Z. 4pc 1976-78	77¼xd	+¼	5.16	11.89
77	68¼	**Do 6pc '76-80	76¼	......	8.01	13.18
69¼	54¼	**Do. 7½pc '83-86	64¼xd	......	11.55	13.77
74¼	63½	**Nth. Rhd. 6pc '78-81	74¼	......	8.31	13.05
72¼	62	**Nyasa 6pc '78-81	72¼	......	8.55	13.68
95	89	**Sth. Afr. 5½% '74-76	95	......	5.92	12.29
87½	78	**Do 9½pc '79-81	86	......	11.12	12.81
49	33	Sth. Rhod. 2½pc '65-70	41	......	—	—
32	21	Do. 4½pc '87-92	27	+2	—	—
61	42	Do. 6pc '78-81	54	......	—	—
62	56¼	Tang'ka 5½pc '78-82	62	......	9.45	15.16

LOANS (MISCEL.)

1975 High	Low	Stock	£	+ or –	Yield Int.	Yield Red.
47	36	**Agric. Mt. 5pc '59-89	44	......	11.91	15.01
72	55½	Alcan 10¼pc '89-94	69½	......	15.99	16.96
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

S.E. List Premium 80% (based on $2.2040 per £)

CANADIANS

[illegible]

S.E. List Premium 80% (based on $2.2825 per £)

Conversion factor 0.5554 (0.5620)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¼	780	Durban Deep R1	£12	......	Q110c	♦	5.9
£14	860	E. Rand Prp. R1	£12	−¼	Q115c	♦	6.1
105	55	Rand Leases 2½c	65	......	—	—	—
£33½	£22	Randf'tn Est. R2	£31½	......	—	—	—
500	260	West Rand R1	350	+5	Q40c	1.3	7.5

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	235	Bracken R1	320	......	†Q51c	1.1	10.3
23	13	Daggafontein 50c	15	......	—	—	—
105	68	East Dag R1	87	......	Q25c	♦	18.5
140	140	Grvtl. Areas 5c	140#	......	—	—	—
380	210	Grootvlei 30c	300	−10	Q32c	1.3	6.9
760	410	Kinross R1	760	+15	†Q50c	1.5	4.2
198	107	Leslie 80c	153	−3	†Q22c	1.6	9.3
550	325	Marievale 70c	410	......	Q84c	1.1	13.2
725	380	S. African Ld. 35c	600	+10	Q85c	1.2	9.1
265	175	Vlakfontein R1	215	......	Q35c	1.3	10.5
£12⅝	840	Winkelhaak R1	£12½	−⅛	†Q94c	1.2	2.7
120	65	Wit. Nigel 25c	82	+5	Q1c	10.9	0.8

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£11	680	Blyvoor 25	940	......	Q90c	1.3	6.2
£21½	£17	Buffels R1	£20½	......	†Q160c	1.4	5.1
£14¼	920	Doornfontein R1	£12¾	......	†Q100c	2.4	5.2
£11¼	725	East Drie R1	£10½	......	Q55c	1.8	3.4
£11	725	Do. Comb. Units	£10⅞	......	—	—	—
450	295	Elsburg R1	400	−10	Q45½c	1.2	7.3
£27	£16	Hartebeest R1	£27	+¼	†Q160c	1.7	3.8
£13¼	815	Kloof Gold R1	£11½	−¼	‡Q79c	2.2	‡
£15⅞	875	Libanon R1	£15¾	−⅛	†Q100c	2.0	4.2
£12¾	960	Southvaal 50c	£11¼	−⅛	Q9c	♦	0.5
475	340	Stilfontein 50c	430	−10	Q65c	1.3	9.7
£33¼	£21	Vaal Reefs 50c	£30¾	−¼	Q220c	1.7	4.6
£11½	650	Venterspost R1	910	+20	†Q75c	1.7	5.3
£53	£34	W. Drie R1	£51½	−1½	†Q400c	1.2	5.0
745	450	W'st'rn Areas R1	660	......	Q70c	1.4	6.8
£22½	£15	Western Deep R2	£21	−¼	Q160c	♦	4.9
450	295	Zandpan R1	450	......	†Q27c	1.0	3.9

O.F.S.

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	290	Fr. State Dev. 50c	370	......	†Q12c	1.8	2.1
£30½	£21	F.S. Geduld 50c	£30	−¼	†Q310c	1.1	6.8
870	550	Harmony 50c	860	......	Q77c	♦	5.8
575	320	Loraine R1	400	+5	Q12c	6.7	1.9
£27	£19½	Pres. Brand 50c	£24¼	−½	†Q245c	1.3	6.5
£25¾	£14½	Pres. Steyn 50c	£20¼	−½	†Q135c	1.8	4.3
£36¼	£21½	St. Helena R1	£36¼	+¼	†Q230c	1.2	4.1
340	210	Unisel	275	−1	—	—	—
525	370	Welkom 50c	465	......	†Q55c	1.6	7.6
£39¾	£27¾	W. Holdings 50c	£37	−¼	†Q445c	1.1	7.7

FINANCE

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
480	313	Ang. Amer. 10c	475	−5	Q29c	2.0	3.9
£44	£27½	Ang. Am. Gold R1	£43	−1	Q250c	1.4	3.8
£13¼	850	Ang-Vaal 50c	£13¼	......	†Q75c	1.7	2.1
205	87	Charter Con.	199	−2	†22.8	2.2	4.4
290	188	Cons. Gold Field	283	−1	†26.8	4.4	3.6
32	17	E. Rand Con. 10p	29	+1	9¼	♦	4.9
370	230	Geduld Inv. R1	370	......	Q34c	0.4	5.9
*£34	27½	Gen. Mining R2	£34	+½	†Q210c	2.1	4.0
*£39	£24½	G. Fields S.A. 25c	£36½	+½	bQ190c	1.5	3.3
£25	£11¾	Joburg Cons. R2	£24½	−½	†Q135c	2.3	3.5
450	260	Middle Wit 25c	450	+20	Q22c	♦	3.2
248	184	Minorco SBD1.40	245	+3	‡Q30.2	1.1	‡
260	160	New Wit 50c	255	......	†Q14c	1.8	3.5
£10⅝	760	Patino NV Fls.5	£10¼	−⅛	ZQ40c	10.5	10.6
£10¾	730	Rand Selection 50c	£10	......	+¾	1.6	3.0
670	322	Selection Trust	645	−5	♦t56	1.4	3.4
435	255	Sentrust 10c	405	−5	†Q23c	1.8	3.6
51	27	Silvermines 2½p	50	......	a1b0	1.5	8.2
170	130	SW Africa 30p	160	......	†8¾	2.5	16.1
£14	10	T'vaal Cons. Ld. R1	£14	......	†Q55c	2.5	2.6
475	250	U.C. Invest R1	475	+10	Q36c	1.2	4.9
520	390	Union Crp. 6.25c	515	−3	Q42c	1.6	5.3
£19½	13½	Vereeniging R2	£19½	+1	QR1.15	♦	3.8
78	30	Vogels 2½c	75	−2	Q6c	1.0	5.3

DIAMOND AND PLATINUM

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£29¾	£15¼	Anglo-Am. Inv. 50c	£29¾	......	Q290c	1.8	6.3
82	48	Bishopsgate Plt. 10c	82	......	‡Q8c	0.9	‡
304	161	De Beers Df. 5c	298	−2	Q25c	2.2	5.4
£17	£11½	Do. 40pc Pf. R5	£17	......	128.9p	125.5	42.9
118	80	Lydenburg 12½c	110	−2	Q13.9c	1.0	8.7
230	100	Pot. Plat. 2½c	205	−1	‡Q21c	1.0	‡
166	94	Union Plat. 10c	162	......	‡Q20.4c	1.0	‡
164	95	Waterval 5c	158	......	‡Q21.4c	1.0	‡

CENTRAL AFRICAN

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
345	198	Coronation 25c	275xd	−5	‡Q92c	1.4	‡
250	175	Falcon Rh. 50c	220	......	†Q55c	1.5	—
52	42	Globe Phnix 12½p	48	......	10	—	4.1
24	15	Rho.-Corp. 16⅔p	21	−1	Q5	8.0	4.0
440	315	Roan Cons. K4	360	......	‡Q95	1.5	‡
198	92	Tanganyika 50p	188	+1	Q26.4	2.5	7.0
70	60	Do. Pref. 80p	70	......	Q9	35.4	4.0
66	53	Wankie Col. Rh.1	62	−2	‡Q12c	1.5	—
70	56	Zam. Cpr. SBD0.24	68	......	Q17.3p	1.1	25.4

AUSTRALIAN

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
16	10	Acmex 25c	16	......	—	—	—
137	96	A. M. and S. 50c	128	......	Q14c	1.5	5.9
115	76	Bougainville 50c	107	+5	Q27½c	♦	14.5
242	152	BH South 50c	206	+4	‡Q13c	2.5	‡
215	155	Gold M. Kalg. $1	165	......	—	—	—
50	36	Gt. Boulder 10c	45	......	Q2c	42.8	2.5
128	76	Hampin Areas 5p	112	−3	22.2	1.5	1.5
115	40	Metals Ex. 50c	42	+1	—	—	—
43	21	Metramar 20c	22	......	—	—	—
218	117	M.I.M. Hlds. 50c	208	+4	‡Q14c	2.1	3.8
116	88	M. Lyell 25c	116	......	‡Q7.5c	4.5	3.7
2¼	2	Newmetal 10c	2¼	......	—	—	—
132	102	North B. Hill $1	130xd	+1	Q9c	1.5	3.9
16½	8	North Kalg. 30c	12	+½	—	—	—
75	47	Oakbridge $A1	64	−4	Q7	2.6	6.2
450	220	Pancont'l 25c	305	......	—	—	—
25	9	Paringa M&Ex 5p	15	......	—	—	—
360	235	Peko-Walls'd 50c	305	......	Q15c	♦	2.8
540	395	Poseidon 20c	460	+5	—	—	—
3	2	Scmander 25c	2	......	—	—	—
14	8	Vullan Min. 50c	12	......	—	—	—
6	4¼	Westmex 10c	5¼	......	—	—	—
185	137	W. Mining 50c	182	+4	Q8c	1.0	2.5
50	31	Whim Creek 20c	40	......	—	—	—

TINS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
54	32	Amal. Nigeria	54	......	†20.8	1.6	14.8
158	77	Ayer Hitam	158	......	39.2	1.2	9.5
36	20	Beralt Tin	23	+1	—	—	—
424	268	Berjuntai SM2.5	422	......	†QSM1.8	♦	7.6
17	13	Ex Lands 10p	16½	......	13.7	0.9	13.2
246	216	Geevor	226	+4	†74	2.5	12.6
18	11	Gold & Base 12½p	16½	......	6.7	1.6	0.6
260	157	Gopeng Cons.	250	−3	57	♦	8.8
73	55	Hongkong	73	......	—	—	—
58	40	Idris 10p	58	......	67	♦	17.8
11	7	Jantar 12½p	11	......	—	—	—
60	43	Kamunting 15p	57	......	†40	0.8	16.2
165	140	Killinghall	165	......	48	—	11.2
185	106	London Tin 20p	185	......	35	♦	5.8
182	93	Malay Dredging	182xd	......	g43.9	1.6	9.3
*59	29	▲Pahang	53	......	†Qb12½	1.5	6.1
65	44	Pengkalen 10p	63	......	70	1.0	17.1
95	75	Petaling SM1	95	......	—	—	—
23	8	Saint Piran	16	......	‡5.3	1.3	‡
125	68	South Kinta (10p)	112	......	†82.5	0.9	12.3
150	73	Sthn. Malayan	143xd	......	g43.9	1.4	11.8
78	47	Sungei Besi 20p	78	......	†27½	3.2	10.8
43	33	Sungei Way SM1	42	......	ZQ16	—	4.2
84	48	Tanjong 15p	70	......	29	♦	9.6
75	62	Tongkah Hb SM1	63	......	Q30	1.3	13.1
82	42	Tronoh	82	......	16.7	♦	7.5

COPPER

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
86	56	Botswana RST R2	83	......	—	—	—
390	196	Messina R0.30	345	−15	‡Q60c	2.9	‡

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8	3	Burma Mine 17½p	8	+1½	—	—	—
49	17	Charterhall 5p	49	+2	—	—	—
115	75	Colby Mines $1	75#	......	—	—	—
730	360	Cons. Murch. 10c	720	......	Q130c	2.2	11.6
53½	29½	Laurasia	40	+1½	—	—	—
19	13	NKO $1	16	......	—	—	—
375	200	Northgate C$1	335	−5	Q65c	1.0	8.4
210	80	R.T.Z.	205	+6	19.9	4.4	3.8
135	47½	Sabina Inds. C$1	115	+3	—	—	—
70	51	Stanford Mines ||	65	......	—	—	—
£12½	875	Tara Explo. $1	£11¼	......	—	—	—
75	38	Yukon Cons C$1	69	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 52 per cent. on imputation system and 35 per cent. ACT. P/Es calculated on "net" distribution; *bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution.* Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on increased ACT, are based on middle prices, are gross and allow for value of declared distributions and rights.

Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for *rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations *may* preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1972 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ *Excluding a final dividend declaration.*
- ♦ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and *yield after scrip issue.* j *Payment* from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend *and yield after pending scrip and/or rights issue.* H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 31

FINANCIAL TIMES

Friday May 16 1975

Navy to get Harrier jets for new 'through-deck' cruisers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. GOVERNMENT has decided to build the Maritime version of the Hawker Siddeley Harrier jump-jet fighter, for use on the new class of "through-deck cruisers" as an additional anti-submarine weapon for the Navy.

A total of 25 aircraft will be involved, costing about £60m. to design, develop and produce over the next few years. This involves no addition to the defence budget, since the money has been earmarked for the venture for some time, awaiting only Cabinet approval to proceed.

The decision, while boosting Navy morale and being widely welcomed in the aerospace industry—where it will ensure continued work for Hawker Siddeley, Rolls-Royce (on the Pegasus engine) and Ferranti (on a new radar)—may also substantially help exports.

In particular, it could lead to a £200m.-plus order from Iran for both Maritime Harriers and one of the Invincible class of through-deck cruisers on which to use them.

The possibility of such an Iranian deal has been under discussion for some time with the Ministry of Defence sales organisation, but the Iranians have held off placing an order until the U.K. itself backed the development of the Maritime Harrier.

Now that the go-ahead for the U.K. aircraft has been given, it is expected that the talks with Iran will be resumed, and an order may be placed later this year.

The Ministry of Defence is clearly prepared for it. Mr. Roy Mason, Secretary for Defence, amplifying the Maritime Harrier decision at a Press conference yesterday, indicated that the Navy, which has ordered only one through-deck cruiser, the Invincible, but which has two more planned for the 1980s, could defer one of these in favour of early delivery to Iran if necessary.

The aim of the Maritime Harrier will be to provide the Navy with an improved strike-capability at sea both for air-to-air combat and in anti-submarine warfare.

Mr. Mason made it clear that one of the reasons for developing the aircraft was to ensure that the Navy kept abreast of the increasing threat from the Soviet submarine fleet, now comprising at least 250 vessels, many of them nuclear-powered.

The decision will help maintain employment at aerospace factories at Kingston and Dunsfold in Surrey, Brough in Yorkshire, Bristol, and in Scotland at Ferranti's works.

About 3,000 workers are involved on existing Harrier production, and there have been fears that as existing RAF and U.S. Marine Corps orders ran down, some redundancies might arise.

Should the Iranians order a through-deck cruiser with Maritime Harriers, another 1,000 workers would be involved, in both the shipbuilding and engineering industries. Vickers is building the first through-deck cruiser at Barrow-in-Furness.

Other export possibilities are opened by the U.K. decision. Navies which have been showing interest in the Maritime Harrier include Argentina, Brazil, France, India, Italy, Spain and the U.S.

The decision also provides the essential development link between the present Harrier and the longer-term Advanced Harrier, which is already the subject of discussions between the U.K. and the U.S., with the U.S. Navy strongly interested.

The first Maritime Harrier is expected to fly in 1979, and deliveries will be spread over the period to 1980-81. The aim is to have five Harriers aboard Invincible, and the same number aboard the other two through-deck cruisers eventually planned for the Navy.

Freddie Mansfield

The Hawker Harrier on a recent NATO exercise.

Steel imports reach peak

By Kenneth Gooding, Industrial Correspondent

WHILE THE U.K. steel industry moves further into recession, imports are entering the country at a high rate, according to statistics released to-day.

The Department of Industry says the level of deliveries from U.K. steel producers to consumers and merchants in the first quarter of 1975 is estimated to be 3.4m. tonnes, the lowest since 1971.

Imported steel deliveries, at 850,000 tonnes, were the highest on record apart from the abnormal first quarter of 1974 when the British Steel Corporation cut back production in face of the miners' dispute.

Imports of sheet steel were particularly high at a time when BSC has cut output considerably.

Boom orders

Some of the build-up of imports can be accounted for by contracts signed during the boom in demand for steel last year and which still have some time to run.

The DI points out that there was an "unparalleled" build-up of stocks during the quarter, pushing them up by a record 1.05m. tonnes. It suggests "the merchants' stock build is partially involuntary and reflects in part the delivery of import orders placed towards the end of 1974."

The increase in stocks is further bad news for U.K. producers, because consumers and merchants will want to run down stocks in the rest of 1975, further depressing production and delaying any recovery when the next industrial boom comes along. However, demand for imported steel will be equally dampened.

Total stocks in the U.K. at the end of April stood at a peak 5.98m. tonnes, equivalent to 18 weeks' normal supply.

Another set of statistics, this time from the steel producers themselves, show how deeply the industrial recession was already biting last month.

Output down

Production in April averaged 429,500 tonnes a week or 13.2 per cent. below the March figure of 494,700 tonnes and 6 per cent. below the April, 1974, level. Producers blame "the continuing cut-back in orders from manufacturing industry."

They say that the fall in demand, which first affected flat steel products at the beginning of the year as a result of the depressed output from the motor and consumer durable industries, has now extended to the heavy steels areas.

Stay in ECSC plead steelmakers, Page 16

THE LEX COLUMN

Resilient trend at Shell

Index rose 4.6 to 335.5

In volume terms the slump in the international oil industry is of almost unprecedented proportions—Shell's first quarter volume was down a sixth outside North America — but despite huge capacity surpluses (of around a third in refineries, for example) its profits have held up amazingly well. Net income emerges at £220m. for January-March, and although that is £99m. less than in the first quarter of 1974, the earlier period included an estimated £125m. of exceptional stock profits, almost entirely absent this time.

One reason is that the North American contribution, at around £40m., has declined no more than a tenth or so. Gas, meanwhile, has actually been a growth area — though volume has risen only 1 per cent. overall, this disguises a switch away from price-controlled U.S. production and into more lucrative business in Europe and Brunei, where output will still be expanding into 1976. Gas earnings could well have been over £50m. in the seasonally favourable first quarter. Chemical earnings dropped back from the high levels in the fourth quarter of 1974, but on the other hand there are no nuclear provisions this time.

As for international oil trading, it is evident that downstream margins have been holding up much better than in previous surplus periods. Ironically, price-controlled markets like Britain and France are now more profitable than some free markets like Germany, where Shell made a loss. Shell is not looking for any early improvement in demand, but if earnings can run to £750m.-£800m., for a p/e of under six at 314p, yesterday's 11p price rise will have been justified.

See also page 23

Dunlop

With the help of a £920,000 after tax credit from its Canadian tyre disposal, Dunlop has fulfilled last October's forecasts with attributable profits of £11m. against £9.9m. Italian losses of nearly £12m. after tax are a problem for the Union, rather than Dunlop shareholders. But there have been attributable losses of about £700,000 elsewhere on the continent, where the German tyre market has been especially depressed and Pirelli's cable business has slipped back. By contrast, a very strong performance at Dunlop International is reflected in a 50 per cent. rise in the minorities charge, while higher profits on the engineering and industrial side have compensated for worldwide stagnation in tyres.

The upshot is internal cash flow of nearly £40m., which compares with capital spending of £30m. and a £50m. rise in stocks and debtors less creditors. As a result, net bank borrowings are nearly £33m. higher, but a £27m. property surplus has helped to hold the gearing ratios steady, and net debt still represents just under two-thirds of total stockholders' funds. Dunlop stresses that last year's movements were exaggerated by currency swings, although there is likely to be another net cash outflow this year, despite the fall in commodity prices.

As for profits, U.K. tyres have to cope with a drop of perhaps a tenth in replacement sales this year, although Europe is expected to move into the black. Meanwhile, yesterday's 5p rise to 52p still left the shares an eighth below the 1975 high: the yield is nearly 10 per cent., and the market capitalisation £51m.

See also page 26

ROYAL DUTCH/SHELL GROUP

Boots

Boots 1974-75 results are reassuring after some uninspiring figures from other major retailers recently. So a 3.1 per cent. pre-tax rise to £85.67m. lifted the shares 9p to 250p last night, against a low for the year of 91p. However, volume growth slowed in the second half when a 9 per cent. rise in profits was flattered by comparison with a dull performance in October-March 1973-74.

Still, the volume increase for the year of 5 per cent. is above the industry average, though below Boots' previous gains.

The Babyboots departments within the stores are making rapid strides—in 25 outlets at March, 120 at the end of 1975, with a rise to 200 planned by Christmas. On the retail side, wage increases of 25 per cent. plus have eaten into margins, currently 70 to 73 per cent. of the net reference level. Elsewhere, Brufen sales rose by ... per cent.

There are no forecasts for this year, but April trading was apparently buoyant—partly with buying in anticipation of higher rate VAT, though this affects under 10 per cent. of U.K. retail sales. The group is sticking to its expansion plans with a planned increase in selling space similar to last year's 8 per cent. rise. Although there are inevitably doubts about the impact of any squeeze on discretionary spending, a rise in profits of a tenth or more is widely expected. This plus the record prompts the thought whether Boots on a p/e of ... merits a re-rating relative to groups like British Home Stores on multiples in the higher teens.

See also page 21

Akroyd & Smithers

Akroyd and Smithers has made £6.4m. before tax and a special pension fund transfer in the six months to March, which compares with £1.2m. in the preceding half-year and shareholders' funds of £5.8m. at the start of the period. So jobbers are not going out of business at all. Supported by its big gilt book, Akroyd achieved a "satisfactory" performance during the first quarter. But there must have been uncomfortable moments when the market turned on its tracks during January, so February and March must have been bonanza time—and it was only in April that overall equity volume really took off from prior year levels. Akroyd's turnover all but doubled during the half-year, with some new business coming in when Berger shut up shop.

Now the company is planning to become the second firm of jobbers to get a stock exchange listing. To put the latest figures into perspective so far as a possible share price is concerned, it is worth noting that earnings in the last three years have averaged about £1.7m.

See also page 20

Akroyd and Smithers to introduce shares

BY MARGARET REID

AKROYD AND SMITHERS, one of the City's largest stockjobbing concerns, is bringing its own shares to the stock market by means of an introduction.

The estimate in financial quarters last night was that, given little-changed market conditions when dealings begin on June 17, the shares might be quoted at a price to value the business at some £14m.-£15m.

An introduction involves a stock market quotation for existing shares rather than the raising of any further capital from new shareholders.

Akroyd, which is a major dealer in gilt-edged stocks as well as shares, also announced yesterday that its pre-tax profits in the six months to March 20, (after an exceptional £0.75m. contribution to its pension fund) had more than doubled to £5.7m. from £2.4m. a year previously.

This result is the first figure to emerge from any Stock Exchange concern throwing light on how stockjobbers have fared during the strong upswing in shares early this year after the previous heavy fall. It confirms that Akroyd at least came happily through a period which posed problems for dealers because of the sharp change of price trend in January.

Akroyd is only the second London stockjobbing concern to launch its own shares on the stock market, since this became possible through a decision of the Stock Exchange some two years ago. In 1973, Smith Bros., another of the "big five" jobbers, made its market debut, through an offer for sale of shares. Hoare and Co. Govett will be brokers to the Akroyd introduction.

There are already some 300 shareholders in Akroyd, including Crossfriars Trust, a member of the Robert Fleming group, and Cables Investment Trust, in the Electra House group, each with 10 per cent. and a number of institutions with smaller holdings. Just under 50 per cent. of the share are held by the six directors of the company, whose chairman is Mr. Hugh Merriman, and by certain members of the staff, which totals 330.

Mr. David LeRoy-Lewis, a senior director who will succeed Mr. Merriman as chairman in January, explained the reason for bringing the shares to the market by saying: "We believe we're of a size to be listed.

"We have a spread of shareholders; it's to their benefit to have a listing because it increases their ability to trade. We also believe that we should be subject to the disciplines of a listed company."

Mr. LeRoy-Lewis, who is a deputy chairman of the Stock Exchange, added: "I don't think it does the Stock Exchange any harm to have market companies listed."

Flotation of the shares is to take place through an introduction rather than an offer of shares for sale since there is no wish to raise new capital nor any desire, among existing holders, to part with any considerable quantity of shares.

The existing capital is to be converted into 8m. shares of 25p. The City estimate last night was that these might command a price of at least 175p each if market conditions remain much as now.

Issue News, Page 20

Wilson: watch on BL labour relations

By Philip Rawstorne

THE Government's rescue operation for British Leyland would be subject to the "strictest monitoring" of improvements in the company's industrial relations, the Prime Minister emphasised in the Commons yesterday.

The Ryder Report's conditions of a "tangible contribution" towards increased productivity from British Leyland employees would have to be fulfilled.

Mr. Wilson was replying to Opposition criticisms of the Government's proposals in advance of the Commons debate next Wednesday on the British Leyland Bill which provides for the Government acquisition of up to ...65m. of shares in the company.

Mr. John Stanley (C Tonbridge and Malling) complained that the Government was seeking approval for the first aid instalment without providing "one single paragraph of serious financial information" in the Ryder Report.

The Prime Minister said he was "surprised" at the criticism. "What was censored was anything of commercial confidence that would have been of value to British Leyland's competitors," he said.

Foot aims for Press compromise

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. MICHAEL FOOT, the Employment Secretary, yesterday promised a group of Labour backbenchers that he would try to find a compromise formula on Press freedom before his controversial Trade Union and Labour Relations Bill returns to the Commons after the Whitsun recess.

The MPs, members of the moderate Manifesto Group, urged Mr. Foot to include two key clauses in any Press code — provision for the editor and one other nominee to be excluded from the constraints of a journalists' closed shop, and complete freedom of access for outside contributors.

The Manifesto MPs, who are opposed to the tough Goodman amendments calling for a statutory-backed charter passed by the Lords, are nevertheless still insisting that Mr. Foot must tighten up the original Houghton formula which called for a voluntary charter. This was rejected by the Lords in favour of Lord Goodman's proposals.

The MPs, led by Dr. Dickson Mabon, chairman of the Manifesto Group, believe that their formula could get Mr. Foot out of a difficult Parliamentary situation by tightening up the Press code without going to the lengths of a statutory-backed charter.

The danger facing Mr. Foot is that in the Commons the Government majority could vanish if a significant number of Labour MPs rebel against his present closed-shop provisions, and in the Lords he will have to produce an effective compromise if he is to overturn the Goodman proposals.

His task has been made much more difficult by the recent decision of the annual delegate meeting of the National Union of Journalists to press for a closed shop, no matter what course the legislation takes.

Impasse on IMF reform package

By Robert Mauthner

PARIS, May 15.

HIGH OFFICIALS from the Group of Ten, the world's major industrialised countries, failed to make any progress here to-day on the package of monetary reform measures due to be discussed at a series of International Monetary Fund meetings here in the middle of June.

As at previous meetings, there was total disagreement between the U.S. and France over the whole range of issues covering gold, exchange rates and national quotas to the IMF.

The U.S. stuck to its position that gold should be phased out of the international monetary system, although Mr. Jack Bennett, the U.S. Treasury Under-Secretary for monetary affairs conceded that it could still have a limited role in the interest subsidy account to help member States who found it difficult to repay their borrowings under the IMF's oil facility

Ford veto deepens debts crisis for New York

BY GUY DE JONQUIERES

NEW YORK, May 15.

NEW YORK City authorities are trying desperately to avert a major financial disaster after President Ford rejected a last-ditch appeal for emergency Federal aid.

The President's response, announced by the White House yesterday, was not unexpected. But it has still angered Mayor Abraham Beame and other City leaders, who had been clinging to the hope that Mr. Ford would accede to their personal entreaties.

With this avenue closed, the mayor has turned once again to the State capital in Albany, though with little hope of success. The state's own finances are in poor shape because of the recession.

In his letter to Mayor Beame, who had asked for a 90-day Federal guarantee to cover $1.5bn. in city borowings, the President said that Federal aid would only postpone an inevitable day of reckoning for New York. The city's problems were deeply rooted, he said, and the only solution was for it to put its own house in order by stricter fiscal discipline.

In recent months, the mayor has tried a number of steps to bring the city's $12bn. operating budget into balance. But the city remains vulnerable to periodic cash squeezes and needs to borrow $1.5bn. before the end of June to meet municipal payrolls and redeem maturing debt.

There are grave doubts as to whether the city can raise this sum in the markets on its own.

Failure to raise new cash in the market could bring New York to a halt. Leaders of the strong police, fire and teachers' unions have warned that their members will probably walk out if their wages are not paid.

London's problem, Page 8

Contractors to clear rubbish

FINANCIAL TIMES REPORTER

SOUTHWARK COUNCIL has called in contractors to remove rubbish which has been described as a serious health hazard by the community health physician.

The rubbish has built up for six weeks during a dustmen's pay dispute. Council dustmen last night wereoffered £120 to clear the rubbish and return to work normally, but decided to hold out for £200.

Weather

U.K. TO-DAY

RAIN spreading N. from S. districts but N. Ireland, Scotland and N. England mostly dry, bright. Mainly a little warmer.

London, S.E. England, Central S., Channel Islands, S.W.

Cloudy, rain at times. Wind mostly S.E., light. Max. 15C (59F).

E. Anglia, Midlands E. and W., Wales

Cloudy, rain spreading N. Winds mainly E., light to moderate. Max. 15C (59F).

E. and N.E. England, Borders, Edinburgh, E. Scotland, Aberdeen, Moray Firth, Caithness

Mostly dry with bright intervals: some cloud near coasts. Wind E., moderate. Max. 14C (57F) but rather cold near coasts, max. 10C (50F).

N.W. England, Lakes, I. of Man, Cent. N. England, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N.W. Scotland, N. Ireland

Mostly dry, bright. Wind E., moderate. Max. 14C (57F).

Orkney, Shetland

Sunny, scattered showers. Wind N.E., moderate. Max. 8C (46F).

Outlook for Saturday and Sunday: Showers or rain in many districts; some bright intervals. Rather cool in N.E.

Lighting-up: London 21.15; Manchester 21.33; Glasgow 21.52; Belfast 21.53.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	26	79	London	F	14	57
Amsdm.	R	13	55	Luxmbrg.	S	17	63
Athens	S	21	70	Madrid	F	18	64
Barcelona	S	19	66	Manchstr.	C	10	50
Beirut	S	22	72	Melbourne	R	15	59
Belfast	S	10	50	Milan	S	25	77
Belgrade	F	20	68	Moscow	S	27	81
Berlin	C	16	61	Munich	S	20	68
Birmghm.	R	8	46	Newcastle	F	9	48
Bristol	C	8	46	Oslo	S	16	61
Brussels	S	15	59	Paris	C	15	59
Budapest	S	24	75	Perth	S	20	68
Cardiff	C	10	50	Prague	C	14	57
Cologne	F	18	64	Reykjavik	C	8	46
Copnhagn.	S	15	59	Rome	F	21	70
Dublin	S	9	48	Stockholm	S	23	73
Edinb'gh	S	11	52	Strasbourg	F	15	59
Frankfurt	S	18	64	Sydney	S	19	66
Geneva	S	17	63	Tel Aviv	S	22	72
Glasgow	F	11	52	Vienna	S	25	77
Helsinki	S	23	73	Warsaw	S	25	77
Lisbon	F	17	63	Zurich	S	18	64

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	19	66	Istanbul	R	16	61
Algiers	S	23	73	Jersey	C	13	55
Biarritz	F	21	70	Las Plms.	S	20	68
Blackpool	C	9	48	Locarno	S	22	72
Bordeaux	C	18	64	Majorca	S	20	68
Boulogne	C	11	52	Malaga	S	24	75
Casablnca.	F	21	70	Malta	S	18	64
Corfu	F	20	68	Naples	S	20	68
Dubrovnik	F	18	64	Nice	S	19	66
Faro	C	19	66	Oporto	C	16	61
Florence	S	22	72	Rhodes	C	17	63
Funchal	F	19	66	Salzburg	S	22	72
Gibraltar	F	20	68	Tangier	F	19	66
Guernsey	C	12	54	Tenerife	S	16	61
Innsbruck	S	21	70	Tunis	S	24	75
Inverness	C	5	41	Valencia	F	19	66
I. of Man	S	10	50	Venice	S	25	77

C—Cloud, F—Fair, R—Rain, S—Sunny.

Long-range forecast, Page 7

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Ford boost from rescue success

to announce that the Mayaguez and its crew had been successfuly recovered by the huge military task force of ships and marines he had ordered to the area immediately after it was seized by a Cambodian gunboat.

The freighter itself was found abandoned and undefended, but the marines, who immediately invaded the nearby island of Koh Tang, discovered that the crew had been removed to the shore or some other island—although only yesterday afternoon, Dr. Kissinger predicted they were still there and U.S. aircraft sank three Cambodian vessels to prevent them being moved elsewhere.

Shortly after the marine attack began, Phnom Penh Radio hinted that the boat and its crew would be released. About the same time, the crew themselves appeared in a small fishing boat, flying a white flag and coming from the shore. It appears that the Cambodians had already removed them to the mainland or some other island and then decided to let them sail towards the American armada with some Thailand fisherman who had also been detained.

On hearing about the Phnom Penh broadcast, President Ford immediately sent back a message demanding an immediate pledge to release the ship but received no answer. To-day an official close to the planning of the rescue operation said the President might have called it off if the Cambodian broadcast had come an hour earlier. He also said that the White House ordered a withdrawal immediately the crew of the Mayaguez reached the U.S. naval flotilla.

In domestic political terms, it looks as if the President's calculations have paid off handsomely—although he would have been in dire trouble if the marines had been captured or suffered worse casualties. As matters now stand, in addition to strengthening his position with the Republican Right-wing, he has secured grudging approval from most Democrats, who are anxious to show the world that the U.S. is not in global retreat.

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